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**An environmental examination of a governmental agency : an analysis of a policy decision in the federal employment service and operational implementation in a state employment service.**

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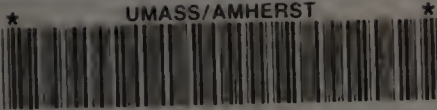
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AN ENVIRONMENTAL EXAMINATION OF A GOVERNMENTAL  
AGENCY: AN ANALYSIS OF A POLICY DECISION  
IN THE FEDERAL EMPLOYMENT SERVICE  
AND OPERATIONAL IMPLEMENTATION  
IN A STATE EMPLOYMENT SERVICE

A Dissertation Presented

By

Harvey Kahalas

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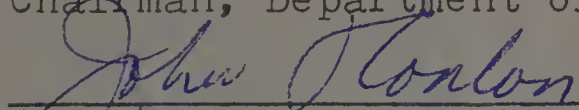
By

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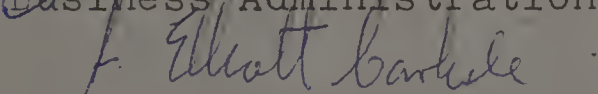
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September, 1971  
(Month) (Year)

An Environmental Examination of a Governmental

Agency: An Analysis of a Policy Decision

In the Federal Employment Service

And Operational Implementation

In a State Employment Service

(September 1971)

Harvey Kahalas, B.S.B.A., Boston University

M.B.A., University of Michigan

Directed by: Professor H. Richard Hartzler

Authorities for years had indicated that a shift had taken place in Employment Service activities: the basis of this thesis was to determine if there were any problems with state-wide implementation in Massachusetts of federal policy shifts. Related objectives included those of determining: (1) if a policy shift had actually occurred; (2) the philosophy behind the policy change; (3) organizational and social problems in implementation; and (4) the social implications of the shift.

In making the analysis, the legal concept of social engineering was used to examine the policy shift and a statistical approach was utilized in the implementation phase with data gathered on the Massachusetts State Employment Service (MSES). In analyzing this information,

six working and one major hypothesis were tested. The major hypothesis of this thesis was that there would be no significant difference in implementation by MSES between period I (1953-1960) and period II (1961-1968).

Testing of the major hypothesis was performed by examining the relationship between a normalized placement factor and non-agricultural job openings unfilled in a regression equation with two dummy variables. Various t-tests were utilized with respect to the six operational hypotheses.

An examination of policy statements from the Executive Branch of the federal government indicated a shift in policy between the two periods of time (1953-1960) and (1961-1968). Tests of the working hypotheses indicated that the members of the MSES increased their work in the areas of testing and counseling but decreased their normalized placement level and field visits. Further analysis suggested an increase in the difficulties of Employment Service clients to find placements.

The examination of the major hypothesis indicated that the MSES did shift its operations to provide some added service to the disadvantaged.

The major implications for this work can be related to a number of diverse groups and areas of academic interest. The implications for the United States Training Employment Service (USTES) are as follows:

The USTES could probably provide its services in a more efficient and systematic way to their clients by bringing the source of funds and programs closer to the user. This would entail eliminating some of the bureaucratic layers between the government and the public so that criticism and praise could be adequately identified. One of the most recent approaches to this problem is the concept of governmental revenue sharing in the manpower field.

Some of the implications which are relevant both to the USES and the MSES are:

1. The structure of governmental agencies may give rise to problems caused by the dysfunctions of bureaucracies.

2. To provide for necessary control, an authority or law-government system should be established within the Employment Service.

The area of Business and Its Environment is involved in the implications as follows:



1. The reasons for the policy shift should be explored in greater depth by the society as well as governmental response to social change. The main method of examining concepts could be through the use of socio-legal techniques to analyze the problems of conflict and change in organizations and the entire society.

2. Finally, the socio-legal models developed in this work may provide the needed paradigm and theoretical framework from which the area of Business and Its Environment may expand its analysis and understanding of social and organizational problems. Once the conflicts have been identified, solutions may eventually be proposed which will take into consideration the many faceted aspects of institutions.



## ACKNOWLEDGEMENTS

Through the development period of this work, the author has had the benefit of the comments and suggestions of numerous faculty members at the University of Massachusetts.

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The author would also like to express his appreciation to Leo Werts, Assistant Secretary of Labor, U. S. Department of Labor and Herman V. LaMark, Director of the Division of Employment Security, Commonwealth of Massachusetts for their help in gathering the necessary data for this work. In addition, thanks must be extended to Max Weber, Ferdinand Tonnies, Roscoe Pound, Karl Llewellyn, and Talcott Parsons for their interesting and stimulating work.

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## C H A P T E R I

### INTRODUCTION

#### The Problem in Perspective

Since the first publicly financed employment offices were established in 1834 in New York City,<sup>1</sup> the role of the public employment services has changed significantly.<sup>2</sup> Initially the public employment centers provided assistance to the general public and to private employers by acting strictly as a labor exchange. During the following decades, the staff of the various state Employment Services became aware of necessary administrative and policy links with other state administered offices throughout the country.

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<sup>1</sup>The first state-wide Employment Service was established in 1890 in Ohio.

<sup>2</sup>William Haber and Daniel H. Kruger, The Role of the United States Employment Service in a Changing Economy (Kalamazoo, Michigan: W. E. Upjohn Institute, 1964), p. 22.

This concern for a nationwide joining of state offices gave rise to the need of a federal instrument to carry out this function. In 1914, to answer this need, the federal government began to develop a national system of information on employment opportunities.

After several unsuccessful attempts to pass national employment legislation, a federal employment service was established under the Wagner-Peyser Act in 1933. The functions of the United States Employment Service (USES)<sup>3</sup> under this Act were to:

...Promote and develop a national system of employment offices for men, women, and juniors who are legally qualified to engage in gainful occupations, including employment counseling and placement services for handicapped persons, to maintain a veteran's service to be devoted to securing employment for veterans, to maintain a farm placement service, to maintain a public employment service for the District of Columbia and, in the manner hereinafter provided, to assist in establishing and maintaining systems of public employment offices in the several states and the political subdivisions thereof in which there shall be located a veteran's employment service. The bureau shall also assist in coordinating

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<sup>3</sup>Although the name, USES, has been changed and the organization is now called the USTES, (United States Training and Employment Service) the older name is used throughout this study since the change was made after the time period examined in this study.



the public employment offices throughout the country and in increasing their usefulness by developing and prescribing minimum standards of efficiency, assisting them in meeting problems peculiar to their localities, promoting uniformity in their administrative and statistical procedure, furnishing and publishing information of value in the operation of the system for clearing labor between the several States.<sup>4</sup>

The major proposed functions of the United States Employment Service are clearly indicated by testimony before Congress, in 1961, by the Director of the Bureau of Employment Security. He said:

The labor market experience of the postwar years clearly demonstrates that the objectives and responsibilities of the employment service system need to be broadened and its resources expanded. We intend to make the employment office in each locality a community manpower center. It will work cooperately with individual workers, employers, education and training institutions, community groups, professional associations, and government agencies in the community to meet local manpower problems and achieve the national goals of minimum unemployment, economic growth, skill development of the worker force and maximum utilization of our manpower resources.<sup>5</sup>

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<sup>4</sup>Wagner-Peyser Act, Statutes At Large, sec. 48, 113 (1933).

<sup>5</sup>Employment Security Review, 28, No. 5, May, 1961, 3.

## Statement of the Problem

With these changes in USES functions at the federal level, possible problems could arise from: (a) the implementation of these changes at the state level; and (b) the impact of these changes in terms of the interaction between the state agency and the society. In other words, what impact do federal changes in policy have upon state agencies and state functions? When these changes are implemented, what impact do they have upon the society in the particular state?

The purposes of this study are: (1) to examine the major attitudinal changes, if any, toward the role of the USES by the Presidents of the United States between two different time periods (1952-1960 and 1961-1968) via Presidential documents; (2) to discuss policy shifts in the USES; (3) to examine statistically by regression analysis and t-tests policy implementation by the Massachusetts State Employment Service (MSES); (4) to examine the effect of shifts in MSES operations on field visits, applicant testing, and apparent difficulty of the client in finding placement; and (5) to examine the policy and implementation in terms of socio-legal theory.



## Business and Its Environment: A Definition

An examination of the "Business and Its Environment" field must precede a discussion of the significance of this study. Because of the modernity of this academic area, no firm definitional boundaries have been established. The function of the field may be delineated as the relationship between business and the society; it could be an examination and/or discussion of one aspect of the interface between the business and the society, e.g., political, economic, or social; or it may be a broad look at the interrelationships and similarities between organizations and the society. This last function seems to be, in my estimation, the most significant and innovative approach that could be taken. These interrelationships or interfaces between groups and the society are important because of the influence that each institution has upon all other entities. At the broadest level, this would deal with the structure and assumptions operating in the existing social system of the institutions. Naturally, such factors as individual goals and social systems' operations must be considered.

### Significance of the Study

Firstly, the study provides a discussion of policy and implementation changes by federal and state governments in employment and manpower policy. This study will enable interested parties to see if the policy change or changes by the federal government had been implemented at the State level through an analysis of the Employment Service in the Commonwealth of Massachusetts.

Secondly, it examines the interrelationship between these changes in governmental policy and the society. By using a theoretical model, the relationships of the role of government and its effect on society are examined.

Therefore, it should give governmental officials a method of seeing their impact on society in a broad but fundamental way. In addition, it provides a brief examination of social systems and their goals and impact on governmental policy.

The significance of this study to the field of "Business and Its Environment" lies in the organization studied and the techniques used in the analysis. By selecting a governmental agency, I hope to show that the term "Business" could be extended to institutions other

than private enterprises. Furthermore, the use of socio-legal theory to analyze social impact and operations may provide a basis for other scholars to build a comprehensive theory to examine environmental (social) problems in our society.



# C H A P T E R I I

## A HISTORY OF THE EMPLOYMENT SERVICE

### Introduction

During the past few years, there has been increasing interest in the problems of human resources and their utilization. No modern government in a technologically advanced society can afford to ignore these problems since the factor of economic development is highly related to the quantity and quality of its manpower resources.

The United States Employment Service (USES) supplies employment services through a nationwide system of federal-state employment offices with both partners having some operational responsibilities. The federal government is concerned with administration, integration, and general responsibility for the development of policies, direction, technical assistance, funds, tools, techniques, and procedures. The state organization directs state and local office operation and is

affiliated with the USES.<sup>1</sup> In Massachusetts, the Director of the Division of Employment Security, which contains the Employment Service and the Unemployment Insurance sections, reports to the Governor.<sup>2</sup>

In recent years, the public employment service has attempted to develop into a manpower agency designed to combat structural unemployment, poverty, and non-structural displacement of human capital. This service has dealt with workers in all occupations and industries but its recent primary focus has been in the specialized areas of youth, the handicapped, the older worker, and in general, the disadvantaged person.<sup>3</sup> Although this role is obviously important in any advanced industrial society, the Employment Service has

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<sup>1</sup>The employees are state civil servants paid with federal funds.

<sup>2</sup>As of April 30, 1971, the Division of Employment Security probably will report to the Executive Secretary of Office of Manpower Affairs.

<sup>3</sup>These individuals do not have the personal qualifications to allow them appropriate placement in the modern labor market.



vigorously and continually attempted to avoid being considered a welfare organization. It has pressed strenuously to be regarded as the manpower agency of federal and state governments.<sup>4</sup>

By 1958, major criticism was being directed toward the operation of the Employment Service. James Mitchell, Secretary of Labor, expressed great dissatisfaction with the Service and urged that officials at all levels take actions that would make the organization more effective as a labor exchange.<sup>5</sup> Although criticism of the Service continued, by the mid-1960's the comments had changed. In his 1967 Report on Manpower, President Johnson called for manpower programs to improve job placement, to provide better training and job information, and to offer guidance and counseling to all members of the society.<sup>6</sup>

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<sup>4</sup>In many other countries, these functions are handled by a government manpower agency, e.g. - Canada, Norway, Sweden.

<sup>5</sup>Leonard P. Adams, The Public Employment Service in Transition, 1933-1968 (Ithaca, New York: Cornell University School of Industrial and Labor Relations, 1969), p. 1.

<sup>6</sup>U. S. Department of Labor, Manpower Report of the President and a Report on Manpower Requirements, Resources, Utilization, and Training (Washington, D.C.: U. S. Government Printing Office, 1967), pp. xiv-xix.

If the statements by Secretary Mitchell and President Johnson are examined, different goals seemed to be expressed. Secretary Mitchell appeared to limit his dissatisfaction with the Service to the labor exchange function. President Johnson seemed to suggest that broader goals should direct the procedure of the agency in its relationship to the society.

The direction of the organization now appears to be toward training, elimination of poverty, and unification of community groups in an attempt to eradicate unemployment problems of the poor.<sup>7</sup>

#### History of the Federal Employment Service

Public employment services apparently followed a similar development throughout the United States. The first formal type of agency was the municipal organization. These citywide institutions gradually evolved into state organizations which, in turn, developed into a national service. Throughout the country, this structural change in organization simultaneously

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<sup>7</sup>See: William Haber and Daniel H. Kruger, The Role of the United States Employment Service in a Changing Economy (Kalamazoo, Michigan: Upjohn Institute, 1964), passim.



occurred with an increase in programs and plans for social welfare and betterment.<sup>8</sup>

During the earliest development process, the foremost advocates of this form of social involvement seemed to be more concerned with legislation to eliminate private agencies and less interested in dealing with the education of the general public so as to gain support and adequate allocation of funds for the operation of employment offices. Inadequate public support resulted in general lack of interest in the establishment and maintenance of the offices. In addition the lack of enabling legislation created an opportunity for unscrupulous politicians to set up political rather than professional standards of competence, for the operation of these offices.<sup>9</sup>

The age of formulation, pre-1914. To identify the first public employment service office in the United

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<sup>8</sup>Raymond C. Atkinson, Louise C. Odencrantz, and Ben Deming, Public Employment Service in the United States (Chicago: Public Administration Service, 1938), passim.

<sup>9</sup>W. M. Leiserson, "The Movement for Public Labor Exchanges," Journal of Political Economy, XXX (1915), 707-716.

States is exceedingly difficult. The offices set up in New York City beginning in 1834 and 1869 were among the earliest in our history<sup>10</sup> while the first state-wide organization was established in Ohio in 1890. This agency received a great deal of publicity and its reports provided data for those states which were developing legislation related to employment services.

During the 1890-1906 period, a few states began operating public employment offices. One study,<sup>11</sup> which examined seventeen states, cited the following reasons for the establishment of local offices: to combat fee-charging private agencies (67%), to reduce unemployment (12%), to combat private agencies and reduce unemployment (9%), and no rationale (12%). In addition, this study indicated that the attitude of labor

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<sup>10</sup>Based upon an examination of the available literature, the reasons for opening such an office seemed to be varied. The motivation was identified as evolving from economic depression, a desire to help the poor and stranger seeking employment and information, and by a desire to remove the evils and abuses that had their origin in the numerous offices of the city.

<sup>11</sup>David W. Cook, "History of Public Employment Offices in the United States" (unpublished doctoral dissertation, New York University, 1935), passim.



unions toward public employment offices was, for the most part, passive. Even though many unions operated informal placement activities for their members, they seemed to feel no threat from the public organizations.

A second work<sup>12</sup> was prepared for the First National Conference on Unemployment in New York City in 1914. The most interesting part of this report was an identification of the type of data and analysis done by Public Exchange including: the number of applications for work and for workers; the positions filled; the per capita cost of filling vacancies; and the basis for referral. As this indicated, the major concern seemed to be placement of the worker with readily marketable skills and not with people with special problems. Since the primary basis for referral was fitness of the applicant, individuals perceived as unfit for work in the society, and needing additional attention and help, were being largely ignored.

The first federal concern with problems of labor mobility was in 1907. One of its major objectives was

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<sup>12</sup>"Operation of Public Employment Exchanges in the United States," American Labor Legislation Review, IV (1914), 364-371.

to relieve the abnormally large amount of unemployment in cities along the eastern coast caused by many new immigrants. This effort was apparently not successful. In 1913, the Department of Labor was separated from the Department of Commerce with its stated purpose "to foster, promote and develop the welfare of wage-earners of the United States, to improve their working conditions, and to advance their opportunities for profitable employment." This allowed the Division of Immigration to enlarge its activities into a national employment service for all unemployed persons.<sup>13</sup>

The initial development stage, 1914-1916. The start of World War I in Europe abruptly terminated immigration to the United States. As a result, there was a need to find employment for many immigration officials. Coupled with this was high national unemployment which gave rise to a public demand for the establishment of a public

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<sup>13</sup>For early discussions of the federal government's roles in employment, see: U. S. Department of Labor, Annual Report of the U. S. Department of Labor, 1914 (Washington, D.C.: Government Printing Office, 1915) passim; U.S. Department of Labor, Annual Report of the U.S. Department of Labor, 1915, (Washington, D.C.: Government Printing Office, 1916) passim; U.S. Department of Labor, Annual Report of the U.S. Department of Labor, 1916 (Washington, D.C.: Government Printing Office, 1917), passim.



employment agency to alleviate the problem. A greater level of acceptability by government officials was developed when several public surveys suggested a federalized public employment service as the solution to unemployment in the United States.

During this period, farmers, veterans, youths, and females were given specialized attention by the federal government in the areas of unemployment and re-employability.<sup>14</sup> In addition many organizational changes were instituted resulting in the establishment of national federal employment exchanges.

Shortly thereafter, these federalized employment exchanges were sharply criticized. Don D. Lescohier,<sup>15</sup> for example, insisted that this new service organized offices with no regard to such demographic factors as state size or percentage of labor force unemployed within a state, that these offices were placed under the direction of untrained immigration inspectors, and

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<sup>14</sup>U.S. Department of Labor, Annual Report of the U.S. Department of Labor, 1916...., pp. 62 and 322; U.S. Department of Labor, Annual Report of the U.S. Department of Labor, 1918 (Washington, D.C.: Government Printing Office, 1919), pp. 199-200.

<sup>15</sup>Don D. Lescohier, The Labor Market (New York: The Macmillan Company, 1919), passim.

that the operation of the organizations made little effort to serve either employer or applicant. He further argued that employment work was a profession and could not be a casual avocation performed by untrained individuals. Finally, he criticized the bureaucracy of federal agencies for their concern only with credit for the job and not the worker.

World War I, 1917-1919. With the outbreak of war, the cessation of immigration, and an increasing demand for labor to man war-related industries, unemployment ceased to be a problem. In its place the recruitment of labor became the major factor of concern. Coupled with this shortage in the supply of labor came increased labor mobility. These shifts in population created havoc with production schedules for industries.

National organization of the Employment Service began on January 3, 1918 when the service became a section of the Department of Labor with the title of the United States Employment Service. Under this structure, new services were created and some existing specialized services were expanded. Among these were the following:

1. Shipyard and Marine Service-designed to find readily employable shipyard employees for government contracts;



2. Agricultural Services-formulated to maintain an adequate supply of rural laborers;
3. Negro Division - created to mobilize, employ, and house Negro Labor;
4. Women in Industry - set up to survey where women could replace men in industry where shortages of labor existed.<sup>16</sup>

Even though specialized services were expanded, the major function of the manpower agency of the government was to supply the needed reserves for the armed forces without drastically upsetting the industrial-war production of the country.

Transitional period, 1920-1932. The period between the conclusion of World War I and the establishment of the Wagner-Peyser Act in 1933 should be considered one of transition. Governmental employment policy with its small constructive beginnings were almost eliminated.

The Service, which had been devoted to war-time industrial manpower recruitment, faced a major revision in its approach with the cessation of World War I. With the conversion of war plants to civilian production thousands of employees found themselves unemployed. Moreover, the Service faced a most serious problem in

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<sup>16</sup>U.S. Department of Labor, Annual Report of the U.S. Department of Labor, 1918...., pp. 705-06.

its lack of funds. With the signing of the armistice, Congress refused to appropriate funds. Private organizations, states, and municipalities also did nothing to aid the Service. By 1920, the organization was reduced to a clearinghouse for information, the Farm Service, and a newly created Junior Division which dealt with the youth employment problem.

Additionally, two unemployment waves affected the economic growth and security of the nation--the first in 1921, and the second in 1929. With the advent of the Depression, the public again demanded a public Employment Service. After four years of public outrage at the continuing unemployment problem, Congress passed the Wagner-Peyser Act in 1933.

Re-birth of national policy and World War II, 1933-1944. The establishment of the present federal-state public employment service developed primarily from two early laws on social welfare. The first was the Wagner-Peyser Act of 1933.<sup>17</sup> This legislation was based upon the Canadian system of a federal grant-in-aid plan for funding state employment services. This act was

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<sup>17</sup>At the time of passage, only twenty-three states had state wide employment offices. By 1936, thirty-four states were operating with federal assistance.



strongly supported because of the unprecedented unemployment of the Depression. When Franklin D. Roosevelt became president in 1932, approximately twenty-five percent of the labor force was unemployed. This massive unemployment problem created a need for an organization to provide a national labor exchange and to select individuals to serve as employees in federal work relief projects. Furthermore, the USES was established within the Department of Labor with authorization to promote national employment offices, provide counseling and placement, coordinate public offices nationally, prescribe minimum efficiency levels, and furnish and publish information on employment opportunities.<sup>18</sup>

In an attempt to create a viable agency, the legislation allowed the Secretary of Labor to adopt any rules which would facilitate the implementation of the legislation. To prevent any arbitrary edicts on the Secretary's part and to oversee the social welfare role of the agency, a representative federal Advisory Council of employers, employees, and the public was required.

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<sup>18</sup>Act of June 6, 1933. 48 Stat. 113, as amended in "Compilation of the Social Security Laws" (Washington, D.C.: G.P.O., 1961).

A second legislative act, which really gave an enormous push to the development of state employment service systems, was the Social Security Act of 1935. This federal law provided for benefits to be paid "solely through public employment offices or such other agencies as the Secretary of Labor may approve."<sup>19</sup>

During the 1930's, the USES was preoccupied by manpower practices which would combat the depression and its accompanying high unemployment level. These efforts were:

1. Registration, classification, selecting, and referring the unemployed;
2. Developing an occupational research program;
3. Beginning work on setting up and initiating special groups, such as youths and <sup>20</sup> veterans, within the service system.

With the advent of unemployment insurance, many organizational problems were created which still exist. The unemployment insurance program was directed and controlled by the Social Security Board while the

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<sup>19</sup>Title III, sec. 303 (a) (2), "Compilation of the Social Security Laws".

<sup>20</sup>Haber and Kruger, The Role...., pp. 26-27.



United States Employment Service was directed by the Department of Labor. This dichotomy existed until mid-1939 when the office of the Director of the Employment Service was abolished and the service was transferred to the Social Security Board, which was attached to the Federal Security Agency with other functional groups and formed the Bureau of Employment Security (BES).<sup>21</sup>

In December, 1941, the President of the United States nationalized the state employment offices to form an organization for recruitment of the nations' manpower. Approximately nine months later, the United States Employment Service was extracted from the Federal Security Agency and placed in the newly developed War Manpower Commission.<sup>22</sup>

The state employment services' personnel developed friendly relationships with many officials of large manufacturing concerns during the war years. As a result, they functioned much more effectively when the service was returned to state control after the conflict.

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<sup>21</sup>Haber and Kruger, The Role...., p. 30.

<sup>22</sup>Haber and Kruger, The Role...., p. 32.

Coupled with other aspects such as an elaborate information system, this enabled the service to institute a program which was to become very effective.

The return to a peace-time economy, 1945-1949. One of the first acts by the President of the United States following the war was the issuance of Executive Order No. 9617, September, 1945, which transferred the USES back to the Department of Labor and eliminated the War Manpower Commission. In moving the public Employment Service at the federal level to the Department of Labor instead of the pre-war Federal Security agency, President Truman was attempting a reorganization of the federal bureaucracy. Congress, apparently unsure itself of the location of the USES in the federal organization structure, first transferred the public Employment Service back to the Federal Security Agency in 1948, again making it part of the Bureau of Employment Security, and then transferred the Bureau to the Labor Department in 1949.<sup>23</sup> These organizational changes had the effect of hampering the state and local offices of the Employment Service in the development and execution of its programs.

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<sup>23</sup>Haber and Kruger, The Role...., p. 37.



Finally, in mid-1949, the Employment Service was given informal assurance that its present organizational position with the Labor Department was permanent.

On October 3, 1946, the Secretary of Labor, in accordance with the provisions of the Wagner-Peyser Act, published a new statement of objectives, policies, and programs for the federal-state Employment Service which apparently anticipated the reinstitution of joint federal-state control which took place on November 15, 1946. This directive gave rise to the so-called six point program of the USES consisting of placement, special service for veterans, and labor-market information, with the new functions of counseling, management services, and community services.

During 1946, legislation was passed which would have a profound effect upon governmental action. The Employment Act of 1946<sup>24</sup> declared that the government's policy was to promote maximum employment, production, and purchasing power. It indicated that:

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<sup>24</sup>Public Law 79-304; 60 Stat. 23 (1946).

The Congress hereby declares that it is the continuing policy and responsibility of the Federal Government to use all practicable means consistent with its needs and obligations and other essential conditions of national policy, with the assistance and cooperation of industry, agriculture, labor, and State and local governments, to coordinate and utilize all its plans, functions, and resources for the purpose of creating and maintaining, in a manner calculated to foster and promote free competitive enterprise and the general welfare, conditions under which there will be afforded useful employment opportunities, including self-employment, for those able, willing, and seeking to work, and to promote maximum employment, production, and purchasing power.<sup>25</sup>

During fiscal year 1947, the Congress of the United States made major reductions in the USES's budget. Additionally, Congress agreed to revert to the former system of matching grants to finance state agencies. This approach, which is still used, provides that these agencies be financed mainly from the proceeds of the Federal Insurance Contributions Act which levies a payroll unemployment tax on employers.

On September 27, 1949, Mr. R. C. Goodwin, Director of the Bureau of Employment Security, made an evaluation of the functioning of the federal-state employment

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<sup>25</sup>Public Law 79-304; 60 Stat. 23 (1946), Section 2.



system indicating that his greatest criticism was the slowing down of the development of placements due to the varied functions that employment service personnel were required to perform. A few other areas of concern were relationships with employers via field visits and developing a strengthened counseling service.<sup>26</sup>

The Korean Conflict and internal examination, 1950-1960. In 1950, with the advent of the Korean conflict, the United States was again forced to engage in an emergency defense manpower program. The Office of Defense Manpower was created within the Labor Department and the head of the Bureau of Employment Security was appointed its first director. Shortly thereafter, this office was merged into the Office of Defense Mobilization. While these developments were occurring at the federal level, no changes in organization were taking place at the state level. This left the regional directors of the Bureau of Employment Security to act as advisors and supply guidance to the state department heads who had the major responsibility of

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<sup>26</sup>Robert C. Goodwin, "The Future of Employment Security", Employment Security Review, 16, no 12, (Dec. 1959), 5.

solving the manpower problems of the nation.<sup>27</sup>

With the cessation of hostilities, the employment service began an elaborate effort to expand work with certain special groups in the society. One of these was professional placement. In 1952 the service set up an experimental program to develop professional and technical employment offices in five selected cities. By the end of the decade, almost one hundred special professional employment offices were in operation.<sup>28</sup>

During this period, several new approaches were undertaken in an attempt to persuade employers to use the placement services of the USES. The major innovation consisted of adoption of a unified group approach within the USES to solve problems. Team analysis enabled the local and regional offices to benefit from the combined knowledge of the various staff members in an attempt to evaluate, understand, and solve personnel and manpower problems faced by specific industrial units.<sup>29</sup>

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<sup>27</sup>Haber and Kruger, The Role...., p. 38.

<sup>28</sup>Louis Levine, "The Employment Service in an Expanding Economy, 1953-1958" Employment Security Review, 25, 10 (October, 1958), passim.

<sup>29</sup>Walter E. Parker, "A Community Plan for Maximum Utilization of Local Labor Supply," Employment Security Review, 22, 2 (February, 1955), 9-12.



Moreover, emphasis was being placed upon facilitating employment opportunities for other special groups such as Indians, veterans, handicapped individuals and ex-prisoners. This approach raised the concern that the Employment Service had become an organization totally involved with these special groups and not directing itself to the problems of society. This attack was answered by the Service when it suggested that it was dealing with societal problems on an individual basis and that the best approach to the solution of these was to provide comprehensive service to any type of person or problem with which the interviewer might be regularly confronted.<sup>30</sup>

In an attempt to provide a realistic basis for counseling and for community manpower planning at the local level, the Bureau of Employment Security attempted to encourage local state organizations to develop surveys on the demand for skilled labor in their areas. The major objective of this effort was to interest employers and schools in planning for local labor requirements and not to provide better and more complete

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<sup>30</sup>Stanley H. Ruttenberg and Jocelyn Gutches, The Federal-State Employment Service: A Critique (Baltimore: Johns Hopkins Press, 1970), pp. 21-23.



information for the use of the Employment Service staff. The first surveys of this type were published in 1957 with over thirty states participating in the program by the end of the decade.

In spite of the fact that the Service had a dynamic program, many governmental bureaucrats perceived that the organization was not providing a major placement service for workers and employers. This interest by Labor Department officials gave consideration to a major internal re-evaluation during the last few years of the decade.

On October 6, 1958, James Mitchell, the Secretary of Labor, posed three questions for consideration at the Interstate Conference of Employment Security Agencies. He asked whether (1) the State employment service had kept pace with the trend of expansion in the labor force and in the economy, (2) there had been a progress or decline in non-agricultural placements in each state, and (3) the ratio of placements of skilled workers to the total labor force had changed.<sup>31</sup>

In an attempt to analyze the questions and, to some extent provide answers, he pointed out that theoretically

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<sup>31</sup>Adams, The Public..., p. 6.

the major function of the Service is placement. But he indicated that realistically...

the chief reason for existence of the employment service seems to be to provide a job availability test for workers filing for unemployment insurance. This lack of realization that the employment service stands or falls upon its main purpose, placement, and that all subsidiary activities fail when placement fails, has resulted in a steady decline in the activities of the employment service. I believe that if it continues, the employment service will affect so small a proportion of the nation's workers, that it will become questionable whether the expense will be worthwhile.<sup>32</sup>

He concluded by saying that..."I have a profound conviction that if we do a better job, an acceptable job in the field of placement, we will benefit the entire employment security program."<sup>33</sup>

This statement initiated an analysis of the Employment Service at both the Federal and state levels. In late 1959, the first report noted the changing role of the Employment Service, its secondary status with regard to the unemployment insurance program, and the lack of development since the conclusion of the Korean conflict. It suggested that performance standards be

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<sup>32</sup>Interstate Conference of Employment Security Agencies, Proceedings of Twenty-Second Annual Meeting (Chicago, 1958), p. 11.

<sup>33</sup>Interstate Conference of Employment Security Agencies, Proceedings of...., p. 11.



raised, better financing be secured, job-market information be provided, assistance offered to young and old workers in vocational planning, and greater attention directed to research and development.<sup>34</sup>

Coupled with the analysis done by the executive branch of the federal government, the United States Senate provided additional help to the Bureau.<sup>35</sup> Their report basically agreed with the Consultants Study of 1959 and concluded that the Employment Service needed additional staff, expanded research, and greater exchange of new ideas and techniques within the organization. During the final years of the decade, the Bureau of Employment Security made advances in attempting to improve the Service. Steps were taken to strengthen counseling and training programs. Work also was done in improving the labor-market information program and the counseling and placement tools.

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<sup>34</sup>Dale Yoder, Charles A. Myers, Carroll L. Shartle, and Leonard P. Adams, Report of Consultants on Future Policy and Program of the Federal-State Employment Service (Washington, D.C.: Government Printing Office, 1959), passim.

<sup>35</sup>U.S. Congress, Senate, Report of the Senate Special Committee on Unemployment Problems, Senate Report No. 1206, 86th Cong., 2nd sess., 1960, pp. 110 and 184.



External re-evaluation and implementation, 1961-1968. With the advent of the Kennedy presidential years, a major push began to provide more employment opportunities for more people. In one of his earliest reports to the people, President Kennedy directed the Secretary of Labor to provide improved service for job applicants registered with the public Employment Service. Included in this improved service was expanded counseling and placement for those job seekers "(a) in depressed areas; (b) in rural areas of chronic underemployment; (c) displaced by automation and technological change in factories and on farms; (d) in upper age brackets; and (e) recently graduated from college and high school."<sup>36</sup>

Shortly after the Presidential report, the Labor Secretary indicated that with additional funding he would expand services for youth, older workers, and the hard-core unemployed. He also stated that the objectives and responsibilities of the public Employment Service must be broadened to establish community manpower centers. In this capacity, the community center would

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<sup>36</sup>"Strengthening the Employment Service," Employment Security Review, Vol. 22, No. 5 (May, 1961), 3.

work with..."individual workers, employers, education and training institutions, community groups, professional associations, and government agencies in the community to meet local manpower problems and achieve the national goals of minimum unemployment, economic growth, skill development of the worker force and maximum utilization of our manpower resources."<sup>37</sup>

The most important and novel aspect of his speech was the reference to the use of the public Employment Service as a community manpower center. This concept dealt with present and future development, utilization, and allocation of the human resources of the nation while totally and finally eliminating the Employment Service concept as the public labor exchange. Although the government had previously indicated some intent to limit the labor exchange attitudes and approach of the Service by its counseling programs, this was the first attempt to completely eliminate this internal approach to solving the society's manpower and unemployment problems. Unfortunately, the only function which has received widespread public and staff acceptance is that of counseling. The Public Service is still regarded as

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<sup>37</sup>"Strengthening...., 3.

a placement agency and as a labor market exchange system for employers and employees. Even though this attitude existed to a large extent, the United States Congress apparently viewed the Service in a broader context when it approved funds in 1961 for expansion and improvement of the activities of the organization.<sup>38</sup>

At that time, the Bureau decided to make some fundamental changes in the structure of the organization. The most important was the separation of the employment offices and the unemployment insurance claims offices. In instituting this change, the Bureau felt that this arrangement would finally eliminate the image of the employment service as an adjunct to the unemployment claims work and attempt to project a positive image of the role of the employment function in the society.

Shortly after the beginning of this reorganization, the Secretary of Labor implemented extensive changes in the Bureau of Employment Security.<sup>39</sup> The United

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<sup>38</sup>U.S. Department of Labor, Annual Report (Washington, D.C.: Government Printing Office, 1961), pp. 75-6.

<sup>39</sup>"The New United States Employment Service," Employment Security Review, vol 29, no 4, (April, 1962), passim.



States Employment Service was re-established as a distinct organization from the unemployment insurance sector of the Employment Security program. Each section was given its own Director with each agency coordinated by and responsible to the Administrator of the Bureau of Employment Security. One function of this new arrangement was to implant in the public's mind the fact that this employment agency was unique with a necessary and separate function. The responsibilities of this new USES organization were five-fold: (1) manpower development programs; (2) technical assistance to states; (3) farm labor service; (4) services for veterans; and (5) the administrative function of controlling the flow of foreign workers.

The new additional staff allocated to the Employment Service was not even hired before Congress and the Administration began to legislate new tasks. In 1961 the Area Redevelopment Act<sup>40</sup> required the Service to work with the Commerce Department to supply information aid in the decision as to whether an area impacted with high labor unemployment does or does not qualify for federal assistance. The Service also helped establish training programs and helped in post-training placement for the unemployed in depressed areas. This program

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<sup>40</sup>Public Law 87-27; 75 Stat. 47 (1961).

was later superseded by the Public Works and Economic Development Act of 1965.<sup>41</sup>

In 1962, one of the most important recent pieces of legislation was passed. The Manpower Development and Training Act<sup>42</sup> required the Employment Service to screen applicants for training, refer qualified persons to suitable programs, determine manpower needs by canvassing employers, and place trained individuals. In 1964, the Economic Opportunity Act was passed.<sup>43</sup> It required the Employment Service to find, interview, and refer young people to Job Corps, Neighborhood Youth Corps, or federally supported programs at colleges. By statute, this college program was limited to youths from low-income families.

Since 1947, the major legislation affecting the federal-state employment service has been derived from federal leadership in new programming and funding. Even though most of the innovative ideas have evolved from

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<sup>41</sup>Public Law 89-136; 79 Stat. 552 (1965).

<sup>42</sup>Public Law 87-415; 76 Stat. 23 (1962).

<sup>43</sup>Public Law 88-452; 78 Stat. 508 (1964).

federal agencies, the primary responsibility for local office operation has continued to reside with the States, creating a dichotomy between appropriation and implementation.

History of the Massachusetts State  
Employment Service<sup>44</sup>

The Commonwealth of Massachusetts began its work in the area of employment problems with the establishment of a group of public employment offices within the Division of Statistics, Department of Labor and Industries. The first office was opened in Boston in 1906, followed by offices in Fall River, Springfield, and Worcester. In 1932, these offices were organized under the Department of Labor and Industries as a separate Division. This structure continued until the enactment of the employment security legislation in the 1933-1935 period.<sup>45</sup>

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<sup>44</sup>The basic information for this chapter is derived from An Outline History of the Division of Employment Security produced and distributed in mimeograph form by the Massachusetts State Employment Service.

<sup>45</sup>Act of June 6, 1933. 48 Stat. 113. and Title III, sec. 303 (a) (z), "Compilation of the Social Security Laws."



In 1935, the Social Security Act<sup>46</sup> provided insurance against unemployment and for Federal financing of State agencies to carry out this insurance function. This federal funding was conditional upon the enactment of state legislation conforming to the Federal standards of Unemployment Compensation Insurance. In complying with this requirement, Massachusetts passed the State Unemployment Law (Chapter 151-A) on August 12, 1935.<sup>47</sup> With the enactment of this law, an Unemployment Compensation Commission<sup>48</sup> was created in the Department of Labor and Industries. On September 13, 1935: the Division of Public Employment was placed under its jurisdiction. By 1935, eight additional public employment offices were opened.<sup>49</sup>

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<sup>46</sup>Title III, sec. 303 (a) (z), "Compilation of the Social Security Laws."

<sup>47</sup>At the time of enactment this law was renamed the Employment Security Law.

<sup>48</sup>Although the Commission was placed in the Department of Labor and Industries, it was not under the Department's jurisdiction.

<sup>49</sup>These included: Greenfield, Lowell, Lynn, New Bedford, Pittsfield, Brockton, Fitchburg, and Lawrence.

Under one provision of the Wagner-Peyser Act, federal employment offices were established in those areas not served by State employment offices. Because of the limited number of state offices, several federal employment offices, called National Reemployment Service offices, were established.

In 1935, the Social Security Act called for the establishment of the payroll tax for unemployment compensation. These funds were initially used to finance the State employment security program and therefore enabled the Division of Public Employment Offices to expand and take over the areas served by the National Reemployment Service offices (NRS) providing statewide coverage for benefit payment purposes.

On February 17, 1939, the Commission structure was changed to the Division of Unemployment Compensation and the former Division of Public Employment Offices was made a bureau of the Division of Unemployment Compensation. Shortly thereafter, on July 1, 1939, the various administrative functions of the former Commission and the former Division of Public Employment Offices were consolidated into a single administrative function: the new Division of Unemployment Compensation.

Prior to World War II, on October 24, 1941, the name of the organization was changed to the Division of Employment Security. This change took place just prior to the federalizing of all State Employment Services on January 1, 1942, and placing of their administration under the Federal Security Agency.

During the next two and one-half decades the Employment Service underwent some major changes in operation and outlook. In the 1960's, the unemployment and employment aspects were separated to provide better service to the public. Furthermore, the employment function was broadened to include a responsibility for providing not only an employment service function but also a manpower service for all members of the society, with particular emphasis on minority groups and disadvantaged individuals.<sup>50</sup>

### Summary

In surveying the development of the USES, emphasis was placed upon the services provided by this institution. Originally the organization was considered and operated

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<sup>50</sup>See the Annual Reports of the Director of the Division of Employment Security to the Governor and the General Court for the period 1960-1963.



as a labor exchange but as time progressed the agency began to examine its role in a much broader spectrum. Within a few years of the passage of the 1933 Wagner-Peyser Act, the basic objective of the Service became to facilitate the employment process and to utilize the supply of manpower to its fullest. Theoretically, this broader role still consisted primarily of the placement of individuals.

This employment process consisted of many functions beyond the main goal of placement. Some of its provisions provided for insuring the availability of workers within each skill and industrial classification, conducting surveys of the job types presently available, determining those jobs which have good future prospects for employment, providing an analysis of jobs to determine those skills necessary for employment and discerning unemployed workers characteristics. In addition the public employment service facilitated the employment process by promptness of placement matching, collecting information, and disseminating this information to both employers and employees on labor market conditions and counseling of workers. Thus, in summation, the USES performs the following functions:<sup>51</sup>

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<sup>51</sup>Haber and Kruger, The Role..., p. 41.

- (1) maintaining an active placement service;
- (2) providing employment counseling;
- (3) rendering special employment services to youths, older workers, the handicapped, and veterans;
- (4) conducting labor market studies and other research related to employment, and furnishing labor market information;
- (5) supplying industrial services to employers and labor organizations;
- (6) cooperating with other governmental agencies and community groups concerned with the employment process and;
- (7) identifying training needs under the Area Redevelopment Act of 1961 and the Manpower Development and Training Act of 1962, and supplying qualified trainees.

Thus, the role of the Service in the placement area is to attempt to locate jobs for employees best suited to their skills, knowledge, and abilities and to provide employers with a service to fill occupational openings with qualified workers.

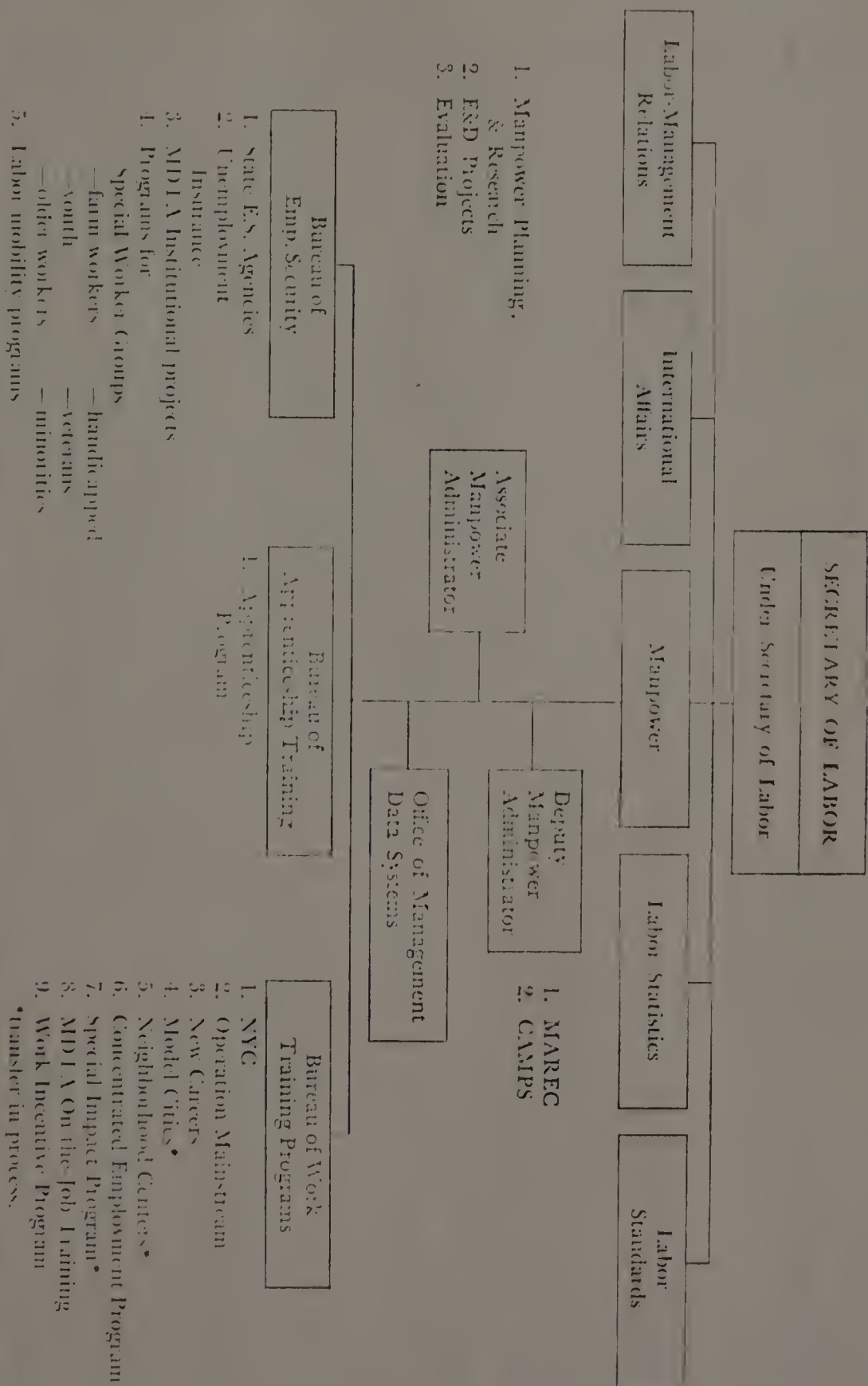
The attempt to perform these functions is, as in all groups, effected by its organizational structure. In the Employment Service, the role of the federal partner, to provide funds and policy, and the state to implement the policy, can create a problem if the goals of the federal and state partners are not in agreement. Before an examination can be made, some theoretical aspects of

organizations must be examined to ascertain their role in the formation and execution of the goals in the organization.



CHART 2.1

ORGANIZATION AND PROGRAMS OF THE UNITED STATES  
DEPARTMENT OF LABOR



\*Transfer in process.  
Source: Organization and Programs of the U. S. Department of Labor, Manpower Administration, U. S. Dept. of Labor, Jan 31, 1968, p. 3.

## C H A P T E R I I I

### METHODOLOGY

The first part of this chapter includes: a discussion of the Employment Service and its role in the social system, definitions of concepts important to the thesis, and an outline of the approach to data gathering and analysis. The second part of the chapter is devoted to developing a major hypothesis and several operational hypotheses.

#### The Employment Service and the Social System

Introduction. In examining a governmental agency and its role in a social system,<sup>1</sup> study should not be limited to the particular institution<sup>2</sup> in either

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<sup>1</sup>For a treatment of social system theory, see Appendix A.

<sup>2</sup>In examining the concept "institution", the definition used will be Karl Llewellyn's. This was described as..."in the first instance a set of ways of living and doing...It is not...a matter of words or rules. The existence of an institution lies first of all in the fact that people do behave in certain patterns... and do not behave in other conceivable patterns..." This provides an all inclusive term which enables greater understanding of the analysis. Karl Llewellyn, "The Constitution As An Institution," Columbia Law Review, 34 (1936), 1.

temporal or spatial isolation from its environment or from other social institutions. Furthermore, the examination probably should center upon the equilibrium of each group in the social system. These factors would provide for a total approach to the problem being studied and allow for a comprehensive analysis and solution.

For a social system to operate near optimum, certain universal functions should exist. The first aspect concerns the goal concept. In this particular instance, the social system must crystallize the goals of the total system and its subsystems. Provision must be made for a systematic procedure by which these goals may be changed over time. Second, an order of rules must be created which regulates the interrelationships between a subsystem's units (e.g.--the USES, MSES, etc., and between the total systems' subsystems, e.g.--government, business, education, etc.). After the goals and rules have been formalized, the system must also ensure congruity between the goals of the total system and their subsystems, and develop criteria and procedures to enable individual members or institutions to shift allegiance from existing subsystems to newly formed



subsystems with different goals.<sup>3</sup>

A social system is composed of more than the sum total of its component subsystems because the total system has a life of its own.<sup>4</sup> One factor which has tended to increase the interdependence between various subsystems is the technological orientation of today's society. As a result, society is a system of mutual and varying delegations of inter-connected and inter-dependent social obligations. Therefore, in attempting to achieve social well-being, each unit must perform its function and receive its proportionate benefit.<sup>5</sup>

If a democratic society to be effective must be dynamic, realistic, and anticipate changes in and responses to the social environment, what can a governmental agency do to bring its actions into congruence with the expectations of society? In examining this question, reliance must be placed upon

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<sup>3</sup>This is the group legal system. For additional discussion see Appendix B.

<sup>4</sup>An analogy can easily be made to the corporation concept in the business institution.

<sup>5</sup>See C. West Churchman, Challenge to Reason, (New York, McGraw-Hill, 1968), passim.

social and legal theory, the determination of social goals, and the allocation of social tasks.

The consensus of members and units as to their expectations, aspirations, and modes of behavior represent the social goals or value sets of a society at a particular time.<sup>6</sup> But no single criterion can determine the society's value set because this set must be satisfactory to all individual members to produce the optimally integrated system. This system creates a continuous system of obligations, rights, as well as conflicts between all members of the society.

Because of the possible desire to satisfy all members, the democratic society can produce a unique hierarchy of social choices which would maximize the satisfaction of all members only by "political" criteria.<sup>7</sup> This determining criterion level would balance the relative weights of different interest groups against a sense of the national need and public interest. But, the public must continually be aware of the possible mobilization

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<sup>6</sup>See Neil W. Chamberlain, Business and Environment: The Firm in Time and Place, (New York: McGraw-Hill, 1968), passim.

<sup>7</sup>See Daniel Bell, "Notes on the Post-Industrial Society, II," Public Interest, No. 7 (Spring, 1967), 102-118.



of bias or lack of social engineering by governments.<sup>8</sup>

Establishing goals for the total system. In examining the value set of a social system the determination of its components is decided by the following characteristics:

1. past history
2. futuristic orientation
3. dissatisfaction of individuals and institutions with the status-quo.<sup>9</sup>

The historical factor has contributed an inheritance of physical possessions, traditions, values, and a system of structuring data and analyzing new phenomena. This system is of utmost importance since the evolution and quality of ideas and civilization depends upon the complex structure of habits, knowledge, and beliefs which is the foundation of the structural and analytical factor. The historical function provides the present with the needed material to evolve generalizations and predictions which give rise to stable social relations by conditioning, and not regulating, behavior.

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<sup>8</sup>See Morton S. Baratz, The American Business System in Transition, (New York: Thomas Y. Crowell, 1970), p. 57-59.

<sup>9</sup>See Chamberlain, Business and Environment,... passim.



As the second characteristic of a social system, futuristic orientation is affected by the society's purpose which causes continual examination of the existing value sets. When this futuristic orientation is combined with internal changes within the system, an environmental change may occur which, because of its abrupt and different nature, renders the most recent experiences invalid. This causes the social system to plan for changes in its value set if it is to realize its purpose and future goals. But planning may sharpen value conflicts among different groups because of the concept of communal coordination. In addition increased pressures may be noticeable because planning may give rise to a visible decision - making center --- specifically the government subsystem.<sup>10</sup> In this study, the vehicle for decisions in the employment sector is the Employment Service.

Subsystems within a social system. The various subsystems of a social system differ by the following factors:

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<sup>10</sup>Daniel Bell, "Notes on the Post-Industrial Society, I," Public Interest, No. 6 (Winter, 1967), 24-35.

1. size,
2. basic function,
3. member satisfaction,
4. influence over individuals, and
5. power against each other and the community.<sup>11</sup>

Each subsystem has its own self-defined value subset which gives specific expression to some of the needs of its members. These value subsets are narrower space, time, communal, and personality dimensions which cannot provide the members with total individual fulfillment. Therefore, the individual must seek expression via various subsystems. This need, coupled with provisions in the social system allowing individuals to form new subsystems (institutions) by shifting allegiance form or adapting existing institutions, creates a pluralistic, flexible, and stratified society.

A basic assumption of the pluralistic society, coupled with the ability to form new subsystems, is

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<sup>11</sup>Clarence C. Walton and Richard Eells, eds., The Business System, Vol. II (New York: Macmillan, 1967), passim.

mobility for the individual via a large number of competing subsystems.<sup>12</sup>

But the development of a dysfunctional bureaucracy within these subsystems may create at least two problems for the society: (1) conflict between the goals of the total system and the subsystem; and (2) the inability to achieve change in the bureaucratic structure through the existing legal system.<sup>13</sup> This dysfunctional bureaucracy may limit the personal freedom of the individual and maintain the viability of the society and the subsystem's hierarchy. Therefore, competing subsystems may protect the individual member from limitations of freedom caused by other subsystems but not from within his own group.<sup>14</sup>

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<sup>12</sup>See the concept of countervailing power as a form of competing subsystems in R. Joseph Mosen, Modern American Capitalism (Boston: Houghton Mifflin, 1963), pp. 29-36.

<sup>13</sup>See Appendix B on legal system.

<sup>14</sup>Grant McConnell, Private Power and American Democracy (New York: A.A. Knopf, 1966), pp. 144-48.



One expects goal divergence between the subsystem, the total system, and the individual member because of different value sets. But this distinction in goals can never be complete for a few obvious reasons. First, the subsystem would be liquidated by the total system. Second, a large number of objectives are meshed because of the need to perform a functional role by each subsystem. Third, a complex bargaining relationship exists where conflicting objectives and needs are negotiated to gain maximum achievement of the subsystem's objectives within the bargaining position outlined by the law and allowed and tolerated by the totality.<sup>15</sup>

### Definitions

In this section more attention is given to terms important to the study such as social engineering, social system, mobilication of bias, bureaucracy, and informal organization.

The phrase social engineering has major relevance outside of this study. It is basically a legal term which has been described as a method of..."conscious

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<sup>15</sup>See Robert A. Dahl and Charles E. Lindblom, Politics, Economics and Welfare (New York: Harper and Row, 1953), pp. 324-69.

creating and building to promote human welfare".<sup>16</sup>

The individual who engages in this process..."manages or guides in such a manner as to affect the welfare of a society".<sup>17</sup> The social welfare process may be affected by the moral level of performance of the members of the society, by activity of the government subsystem, or through economic institutions.<sup>18</sup>

The total system is constantly affected by social engineering even though this activity is usually observed in only one subsystem at a time. The total social system may be considered as a complex inter-relationship of individuals organized into various institutions which perform various activities and pursues commonly accepted goals.

Within this social system, mobilization of bias may occur. This factor is the use of the set of values and institutional procedures of the society to benefit

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<sup>16</sup>H. Richard Hartzler and Harry T. Allan, Introduction to Law (Glenview, Ill.: Scott-Foresman, 1969), p. 1.

<sup>17</sup>Hartzler and Allan, Introduction....., p. 1.

<sup>18</sup>Hartzler and Allan, Introduction....., p. 2.

the status-quo positions. In developing this situation, the elite classes are the major users even though elitism is neither foreordained nor omnipresent since the mobilization of bias usually benefits the majority of the individuals. Naturally, this approach tends to benefit the majority members of the affluent society at the continual expense of the minority disadvantaged in the society.

In an attempt to prevent unorganized work within a large entity, bureaucracy was developed. This concept has been defined as "a formal, nationally organized social structure (containing) clearly defined patterns of activity in which, ideally, every series of actions is functionally related to the purposes of the organization".<sup>19</sup> No value judgment should be attached to this concept in either a positive or negative sense since this was the philosophy behind the basic (Weberian) use of the term.

The dysfunctional aspects of bureaucracy are usually related to the role of the informal organization in the unit of the subsystem. This informal group operates

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<sup>19</sup>Robert K. Merton, Social Theory and Social Structure (Rev. ed, Glencoe: Free Press, 1957), p. 195.



outside of the formal structure of the institution and, at times, in opposition to the formal goals of the unit.

### Plan of Study

The data were gathered at the United States Department of Labor in Washington, D.C. and at the Massachusetts State Employment Service (MSES) in Boston, Massachusetts. Policy statements were derived from various years of the Economic Report of the President<sup>20</sup> and the Manpower Report of the President.<sup>21</sup> The data used in the implementation phase were gathered either by personal review of the data-documents available in the files of the MSES or from correspondence with the U.S. Department of Labor.<sup>22</sup>

The time will be broken into two distinct periods, 1953-1960, the years of the Eisenhower administration, and 1961-1968, the Kennedy-Johnson administration.

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<sup>20</sup>U.S. President, Economic Report of the President (Washington, D.C.: U.S. Government Printing Office, 1953-1968), passim.

<sup>21</sup>U.S. Department of Labor, Manpower Report of the President (Washington, D.C.: U.S. Government Printing Office, 1963-1968), passim.

<sup>22</sup>The correspondence took place with the Assistant Secretary of Labor for Administration, Leo Werts.

Policy shift. To provide a framework for examining the policy shift, a legal concept, developed by Roscoe Pound, will be used. The rationale for adopting this framework will be that..."conscious behavior in the form of maneuvering and contriving to improve human conduct and social institutions for the betterment of human welfare is an act of social engineering."<sup>23</sup>

Therefore, using social engineering theory, an examination will be made of the Presidential Reports previously identified in terms of manpower policy to ascertain whether or not a philosophic shift had occurred between the 1953-1960 period and 1961-1968.

Implementation shift. After a policy shift at the federal level is examined, an analysis will be completed of the Commonwealth of Massachusetts Employment Security Division's implementation.

Using classical normal linear regression, an examination will be made of the application of qualitative "attribute" explanatory variables to a regression

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<sup>23</sup>Hartzler and Allan, Introduction to Law, p. 1.



equation.<sup>24</sup> The use of these explanatory dummy variables enables the representation of dichotomous variables that are not directly observable.

In addition to use of qualitative variables, undelineated macro-data will be used due to the limited availability of labor market information from the data sources.

In this particular case, the normalized supply function of placements by the MSES will be:

$$S = b_0 + b_1 D + b_2 T + e$$

where  $S$  = normalized supply function of placements,  $D$  = demand function for jobs,  $T$  = the dummy variable to check for intercept shift with  $T = 1$  for 1961-1968,  $T = 0$  for 1953-1960, and  $b_0$  = constant regression term and  $b_1$  and  $b_2$  = regression coefficients.<sup>25</sup>

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<sup>24</sup>Based primarily on Arthur S. Goldberger, Econometric Theory (New York: John Wiley and Sons, 1964), pp. 161, 166, 171-72; J. Johnston, Econometric Methods (New York: McGraw-Hill, 1963), pp. 221-223; E. Malinvald, Statistical Methods of Econometrics (Chicago: Rand McNally, 1966), pp. 241-42; and D. B. Suits, "Use of Dummy Variables in Regression Equations," J. Am. Stat. Association, 52 (1957), 548-551.

<sup>25</sup>This gives  $E(S/\text{Eisenhower Administration}) = b_0 + b_1 D$  and  $E(S/\text{Kennedy-Johnson Administrations}) = b_0 + b_2 + b_1 D$ , so that the impact of the Kennedy-Johnson Administrations is taken to be a parallel shift in the supply-placement function with no change in the slope or the marginal function of the placement function.



Alternately, to examine the hypothesis that the slope of the supply-function will change while the intercept does not, the fitted equation is

$$S = a_0 + a_1 D + a_2 Z + e$$

where  $S$  = normalized supply function of placements,  $D$  = demand function for jobs,  $Z$  = the dummy variable to check for slope shift with  $Z = D T$ , i.e.,  $Z = D$  for 1961-1968 and  $Z = 0$  for 1953-1960, and  $a_0$  = constant regression term and  $a_1$  and  $a_2$  = regression coefficients. Fortunately, it becomes statistically possible to combine the two equations to eliminate some calculations.<sup>26</sup> The new equation would be:

$$S = W_0 + W_1 D + W_2 T + W_3 Z + e$$

where  $S$  = normalized supply function of placements,  $D$  = demand function for jobs,  $T$  = the dummy variable to check for intercept shift with  $T = 1$  for 1961-1968,  $T = 0$  for 1953-1960,  $Z$  = the dummy variable to check for slope shift with  $Z = D T$ , i.e.,  $Z = D$  for 1961-1968 and  $Z = 0$  for 1953-1960, and  $W_0$  = constant regression term and  $W_1$ ,  $W_2$ , and  $W_3$  = regression coefficients. With this new equation an interaction effect exists with the

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<sup>26</sup>See Johnston, Econometric Methods ...p. 223.

assumption that the impact of the policy shift probably would change both the intercept and slope of the supply function.<sup>27</sup>

In examining the results of the combined regression equation,<sup>28</sup> we may test the hypotheses concerning the shifts in slope (Z-variable) and intercept (T-variable) of the supply function.

If the results are inconclusive at this point because of the joint effect of the qualitative variables upon the regression equation, the next step can split the dummy variables into two separate equations and check again for shifts in the slope and the intercept of the placement variable.

The first equation examined will be the slope shift

$$S = a_0 + a_1 D + a_2 Z + e$$

where the variables are the same as in the previous equation designed to check the shift in the slope

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<sup>27</sup>This approach would be similar to breaking the sample into two subsamples and estimating two separate regressions. This approach is acceptable...."where the level of the explanatory variables influences all the effects of the other explanatory variables in an unspecified way." Goldberger, Econometric Theory pp. 225-226.

<sup>28</sup>See Chapter IV.

(Z-variable). The next step will be to examine the results of the equation with only the intercept dummy variable included (T-variable).

The equation would be

$$S = b_0 + b_1 D + b_2 T + e$$

where the variables are the same as in the previous equation designed to check the shift in the intercept (T-variable). A final check on the validity of the regression model requires an examination of the assumption of independence of the residual error term,  $e$ .<sup>29</sup> The test used to examine the independence is the Durbin-Watson "d" - statistic.<sup>30</sup> Durbin and Watson explained that "for positive serial correlation, the "d" will tend to be small."<sup>31</sup>

At this point, if the results are positive, the inference may be that the federal policy shift has been implemented at the state level in Massachusetts if additional data and analysis warrant the suggestion that

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<sup>29</sup>This assumption was necessary to enable the model to be formulated along the lines of a classical normal linear regression equation.

<sup>30</sup>Based primarily upon Goldberger, Econometric Theory...pp. 243-44.

<sup>31</sup>Taro Yamane, Statistics: An Introductory Analysis (2nd ed.; New York: Harper and Row, 1967), p. 211.



the placement shift by the MSES was caused by added hard-core unemployed as clients in period II (1961-1968) as opposed to period I (1953-1960). Some of the factors affecting this decision might be changes in difficulties of clients to find placement, field visits by MSES staff, testing of applicants by MSES staff, counseling of applicants by personnel of the MSES, and the general economic conditions.<sup>32</sup> One method used to examine a significant shift between two periods would be to test each variable's mean value.

The data gathering and correspondence took place during the period from January, 1970 to January, 1971.

#### Hypotheses - Major and Operational

As indicated in the previous section, an attempt was made to construct a model that would allow an objective comparison of policy and implementation shifts based upon social engineering and data acquired from governmental sources. The implementation shift analysis will be accomplished by using a classical normal linear

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<sup>32</sup>The type of approach and data must be used because no directly observable data is available.

regression equation and by running a number of t - tests against series of differences between two means. The regression equation alone would only indicate a shift in placements at given levels of jobs unfilled but would not provide any further information as to why the differences occur. With the series of t-tests, the results of the regression equation should be made much more meaningful. A placement shift could be compared to shifts in other variables. It is the comparison of placement shift coupled with other variable shifts that should be especially significant to this study. From the analysis of these data, the major hypothesis will be tested.

The major hypothesis can be stated in the following manner: Given a demonstrated policy shift, there is no significant difference in implementation of policy at the state level in Massachusetts between the 1953-1960 period and the 1961-1968 period.

The rationale for stating the major hypothesis is based upon the role of the bureaucracy in state Employment Services.<sup>33</sup> The organizational structure of the

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<sup>33</sup>Peter M. Blau, The Dynamics of Bureaucracy (Chicago: University of Chicago Press, 1963), passim; Harry T. Cohen, The Dynamics of Bureaucracy (Ames: Iowa State University Press, 1965), passim.

Employment Service was previously discussed. The implication of the non-force<sup>34</sup> role of the USES in its dealings with the MSES gives rise to possible dysfunctional aspects on the part of the bureaucracy in dealing with suggested organizational and system changes.

Bureaucratic inefficiency tends to stem from two distinct aspects. The first is that the organization hierarchy does not take into consideration the informal group patterns which emerge in a corporate structure. The second is caused by the nature of the bureaucratic structure itself.<sup>35</sup>

This structural problem may give rise to a number of various organizational problems. These may be: (1) an overemphasis upon rules, procedures, and paper work, (2) a tendency to prevent individuals outside the organization from learning the corporate's administrative procedure, (3) lead to a superior attitude in dealing

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<sup>34</sup>Power may be divided into a number of subsets. Force is the subset where the demand is placed upon the subject and he complies because of no other alternative available. The other forms of Power besides force have been defined as power, authority, and influence. See Baratz, The American Business System in Transition ... p. 55.

<sup>35</sup>Merton, Social Theory Chap. 6.



with subordinates, and (4) no longer work efficiently or diligently because of job security.

These evils might be attributed to ordinary human frailties, the corrupting effects of power, or the debilitating consequences of too much security, were it not for the fact that they do not appear universally, and that their prevalence seems to vary with specific conditions. Such facts suggest that their origins lie in the bureaucracy itself rather than in personal (individual) qualities.<sup>36</sup>

All bureaucratic organizations tend to be highly concerned with response reliability and strict devotion to regulations. In attempting to gain these factors, the organization promises security and advancement to those individuals who support and follow the pre-determined norms. Therefore, an official may be inculcated with an exaggerated concern with the rules and regulations of the organization. With this type of approach, the means of the organization tend to become the ends. The most important goal of the group tends to become the maintenance of the organization while the formal group goals become secondary.

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<sup>36</sup>Ely Chinoy, Society: An Introduction Into Sociology (New York: Random House, 1964), p. 196.

Internal and external difficulties for the institution tend to rise from the rigid rules' applications. This rigidity slows down operations and increases costs as well as creating a disparity between the organization and its environment. This type of problem is particularly manifest in the operations of the Employment Service. Which group is the Employment Service primarily concerned with--employer or employee? If it is concerned with the employee, does the hard-core unemployed deserve special consideration? Should a person's physical appearance affect an individual's ability to be sent on an interview from the employment service office? Usually rules are designed to prevent a capricious response by the bureaucrat and to insure uniform treatment and handling speed of the client's case but these regulations tend to be applied with excessive rigidity. In this form the organization becomes rigid and inflexible.

The problem of conflict on the part of the bureaucratic official should not be minimized. This individual must conform to a series of complex regulations while applying them to numerous diverse situations and maintaining needed flexibility without transgressing organizational boundaries. Moreover, another problem occurs in the perception of the task. The bureaucrat views the situation as routine, while the client

perceives his problem as unique. When this happens the client is not going to be pleased when the problem he perceives as a major one is treated routinely.<sup>37</sup>

Because of the number of cases which pass over a bureaucrat's desk, some must fall into a unique category where the available rules or regulations do not readily apply. The official is usually unable or unwilling to adapt the rules because of fear. This "fear of making, or of taking unresolved difficulties to superiors, encourages rigidity, and the superiors themselves may be so committed to a bureaucratic point of view that it is difficult to secure the constant modifications that life in a complex and changing society requires."<sup>38</sup>

A great part of the decisions and resulting actions by bureaucrats depends upon the supervisors at each hierarchical level. These individuals must place their organizational decisions between too much bureaucracy where the informal group is disregarded and too little bureaucracy where there are no consistent policies. This reduced control factor leads to loss of two bureaucratic virtues: uniformity and predictability.

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<sup>37</sup>Everett C. Hughes, Men and Their Work (Glencoe, Ill.: The Free Press, 1958), pp. 54-55.

<sup>38</sup>Chinoy, Society....., p. 197.



In addition to informal group concern, potential dysfunctions in the organization can be minimized by structural control devices. For this type of approach, one author identifies managerial authority separation and use of rating scales to prevent potential rigidity.<sup>39</sup>

But...

the problem of central concern is the expeditious removal of the obstacles to efficient operations which recurrently arise. This cannot be accomplished by a preconceived system of rigid procedures... but only by creating conditions favorable to continuous adjustive developments in the organization. To establish such a pattern of self-adjustment in a bureaucracy, conditions must prevail that encourage its members to cope with emergent problems and to find the best method for producing specified results on their own initiative, and that obviate the need for unofficial practices which thwart the objectives of the organization, such as restriction of output.<sup>40</sup>

Therefore, if a shift in policy was proposed which was opposed by the staff members of the MSES, they could effectively prevent implementation even if the managerial hierarchy of the MSES were in favor of the policy shift. By working through informal groups, the implementation could be prevented or, at minimum, subverted.

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<sup>39</sup>Peter M. Blau, Bureaucracy in Modern Society (New York: Random House, 1956), pp. 64-66.

<sup>40</sup>Blau, Bureaucracy....., pp. 60-61.

In an effort to test the major hypothesis and to provide additional information critical to this thesis, some operational hypotheses were developed.

Hypothesis 1: There is no significant difference between a normalized placement level in period I (1953-1960) and period II (1961-1968).

Since one of the most important functions of the MSES seems to be placements, a shift in placements would seem to be the first and major area to examine in terms of a shift in MSES implementation. If a new policy were implemented which dealt with added concern for hard-core unemployed, a downward shift in placements could be expected because of the greater difficulty associated with providing jobs for this new type of client.

Unfortunately, a downward shift in the level of placements given a number of jobs unfilled could be attributed to other factors. Therefore, added variables and hypotheses must be examined.

Hypothesis 2: There is no significant difference between field visits in period I (1953-1960) and period II (1961-1968).

This is designed to see if any shift in field visits occurred in the two periods. If more hard-core unemployed were being handled as clients by the MSES, the Service probably would be increasing their number of field visits in period II in an attempt to provide more job

openings for the MSES.

Hypothesis 3: There is no significant difference between the number of applicants tested in period I (1953-1960) and period II (1961-1968).

If the state Employment Service is dealing with a larger number of unqualified employees given a level of job availability, then more testing of applicants probably would take place in the second period.

Hypothesis 4: There is no significant difference between initial counseling in period I (1953-1960) and period II (1961-1968).

This hypothesis would indicate whether or not counseling has been increased in the new program of the MSES. Naturally if more hard-core unemployed were being serviced, the initial counseling figures may increase. Since additional initial counseling would not tell the entire story, this would not be conclusive by itself. Therefore, the following hypothesis is necessary:

Hypothesis 5: There is no significant difference between subsequent counseling in period I (1953-1960) and period II (1961-1968).

Here the hypothesis, if rejected, would truly indicate added hardcore unemployed since only individuals with significant employment problems probably would require long-term counseling. In this way, hypotheses 4 and 5 will provide the necessary information to determine if any difference occurred in the approach of the MSES toward solving hard-core unemployed problems.



Hypothesis 6: There is no significant difference between the number of referrals per 100 placements in period I (1953-1960) and period II (1961-1968).

This is one of the most important of the operational hypotheses. More than any other result, this may indicate whether or not there are more hardcore unemployables as clients. Mangum suggested this variable to provide an indication of the difficulties of clients to find placements.<sup>41</sup> If the difficulty has increased, then the client is one with fewer saleable skills in the job market.

Testing the preceding hypotheses can be seen as crucial to the entire concept of organizational structure of the Employment Service and its responses, at the state level, to federally induced change. If the major hypothesis is rejected, then the dysfunctional aspects of bureaucracy in the Employment Service previously discussed and identified can, at least to some extent, be refuted. Why? Because the shift in policy will be similar to the shift in implementation if the operational hypotheses are rejected. This would mean that a new emphasis has taken place in the entire Employment

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<sup>41</sup>Garth L. Mangum, The Emergence of Manpower Policy (New York: Holt, Rinehart, Winston, 1969), passim.

Service toward those individuals who are underemployed or undermotivated in today's job marketplace and therefore unable or eventually unwilling to compete in the technologically advanced society. Authorities<sup>42</sup> for years have indicated that a shift has taken place in Employment Service activities: this thesis should test this proposition.

The level of significance chosen to test all hypotheses is .05.

### Summary

In summary, the data for the implementation shift will be collected from MSES and the U.S. Department of Labor; while the policy shift information was gathered from Presidential Reports from 1953-1968. This period will be divided into two; 1953-1960 and 1961-1968 for the analysis.

Definitions important to this study were outlined. Such terms as social engineering, social system, mobilization of bias, bureaucracy, and informal organiza-

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<sup>42</sup>See Frank H. Cassell, The Public Employment Service: Organization in Change (Ann Arbor, Michigan: Academic Publications, 1968), passim; Stanley H. Ruttenberg and Jocelyn Gutchess, The Federal-State Employment Service: A Critique (Baltimore: The Johns Hopkins Press, 1970), passim.

tion were discussed.

A legal technique, the classical normal regression equation, and t-tests were also examined. The means of examining the policy shift and testing the implementation shift will be provided through these measures.

The major hypothesis and several working hypotheses were developed and the rationale underlying each was explained. Only through the statistical verification or rejection of these hypotheses can the shift by the Employment Service be shown to exist and be either effective or ineffective in Massachusetts.



## C H A P T E R I V

### RESULTS AND IMPLICATIONS OF THE STUDY

This chapter is divided into three units under which the policy, implementation, and implications are discussed.

#### Policy

With the advent of the Eisenhower administration in 1952, the position and outlook of the Employment Service had changed little over the previous decades. Its function was primarily limited to helping already employable persons by providing a labor intermediation function. Major emphasis was placed on placement but there were counseling activities and some labor market information was provided for employers.<sup>1</sup> By 1958, some minor internal reevaluation was taking place because of economic downturns in the society.

Secretary of Labor Mitchell examined the operation of

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<sup>1</sup>U. S. Employment Service, Employment Placement Services, mimeographed material for internal use, 1952, passim.

Employment Services and suggested that...

from where I sit, the chief reason for existence of the Employment Service seems to be to provide a job availability test for workers filing for unemployment insurance. This lack of realization that the employment service stands or falls upon its main purpose, placement, and that all subsidiary activities fail when placement fails, has resulted in a steady decline in the activities of the employment service.<sup>2</sup>

In addition, he..."urged that officials at both federal and state levels take action that would make (their organization) more significant as a labor exchange."<sup>3</sup>

In fact, President Eisenhower suggested that "the primary means by which Government can help improve the welfare and security of the family and the individual is by following policies that foster stable economic growth."<sup>4</sup> Therefore, the problems faced by the public in the area of employment did not seem to President Eisenhower or his cabinet members unusual or requiring new approaches.

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<sup>2</sup>Leonard P. Adams, The Public Employment Services In Transition, 1933-1968 (Ithaca, N.Y.: Cornell University Press, 1969), p. 47.

<sup>3</sup>Adams, The Public..., p. 6.

<sup>4</sup>U.S. President, Economic Report of the President (Washington, D.C.: U.S. Government Printing Office, 1958), p. 64.

In his 1961 Economic Report, Eisenhower placed major stress upon the operation of free enterprise and individual effort with governmental responsibility limited to counter-cyclical measures and more effective job matching of labor supply and demand.<sup>5</sup> In discussing maximum future employment, Eisenhower suggested that this result

...depends...on the timeliness and success of private and public efforts to adapt our labor force by improving job counseling and placement, by strengthening vocational education and training, by eliminating discrimination in the labor market, by raising the standard of educational achievement, and by increasing the number of competent teachers.<sup>6</sup>

But, the President emphasized that the prime method of eliminating these problems must be with local and private effort and that, in reality, the federal government should take little initiative in this area.<sup>7</sup>

In effect, the Eisenhower administration had taken little notice of the structural unemployment phenomenon which was being documented by a Special Senate Committee

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<sup>5</sup>U.S. President, Economic Report of the President (Washington, D.C.: U.S. Government Printing Office, 1961), p. 45 and 60.

<sup>6</sup>U.S. President, Economic Report... 1961, p. 61.

<sup>7</sup>U.S. President, Economic Report... 1961, p. 61.



on Unemployment Problems in consultation with the nation's leading economists.<sup>8</sup> This committee concluded that the existing monetary and fiscal policies and macro-legislative remedies would not cause a substantial decrease in unemployment because of national policy emphasis on effecting macro-economic growth.<sup>9</sup>

With the advent of the Kennedy administration in 1961,<sup>10</sup> a new era in approaching unemployment problems began. Initially, Kennedy suggested that the Secretary of Labor begin expanded counseling and placement services for job seekers or workers.<sup>11</sup> Shortly thereafter, Kennedy dispatched the Director of the Bureau of

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<sup>8</sup>U.S. Congress, Senate, Special Committee on Unemployment Problems, Unemployment Problems, Hearings, before a special committee on unemployment problems, Senate, pursuant to S. Res. 196, 86th Cong., 1st sess., 1959, passim.

<sup>9</sup>This concept, of the existence of structural unemployment even during prosperous times, is caused mainly by the rapid technological change and increased productivity. These changes cause obsolescence in workers, industries, and regions. See statistics on productivity and their effect on metropolitan areas in Eli Ginsberg and Associates, Manpower Strategy for the Metropolis (New York: Columbia University Press, 1968), passim.

<sup>10</sup>Max S. Wortman, Jr., "Manpower: The Management of Human Resource: A Review Article," Academy of Management Journal, Vol. 13, No. 2, June, 1970, p. 199.

<sup>11</sup>Employment Security Review, Vol. 28, no. 5 (May, 1961) p. 3.

Employment Security to Congress to lobby for passage of the unemployment-relief bills previously submitted by the Administration.<sup>12</sup> In testimony before Congress the Director suggested that:

The labor market experience of the postwar years clearly demonstrated that the objectives and responsibilities of the employment service system need to be broadened and its resources expanded. We intend to make the employment office in each locality a community manpower center. It will work cooperatively with individual workers, employers, education and training institutions, community groups, professional associations, and government agencies in the community to meet local manpower problems and achieve the national goals of minimum unemployment, economic growth, skill development of the worker force and maximum utilization of our manpower resources.<sup>13</sup>

The reasons for this new approach were dictated by a number of incongruities. In certain areas of the labor market serious shortages existed,<sup>14</sup> while national wages, productivity, and profits continued to reach higher levels.<sup>15</sup> National unemployment began to drop<sup>16</sup>

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<sup>12</sup> Kennedy apparently saw the USES as the major organization through which to funnel any new programs.

<sup>13</sup> Employment Security Review, . . . , p. 3.

<sup>14</sup> The shortages were located particularly in professional, paraprofessional, and skilled occupations.

<sup>15</sup> Nicholas L. Onorato, "Managing a High Pressure Economy", The Torch XXXX (July, 1967), 21-22.

<sup>16</sup> The unemployment rate dropped from 6.7% in 1958 to 4.6% by 1964 and 3.6% by 1968.

while at the same time the escalation in aggregate demand failed to result in significant reductions in chronic areas of unemployment and among certain groups in the labor force.<sup>17</sup> Coupled with these problems was a...."cry for the maximum utilization of an individual's abilities so that he could maximize both his satisfaction with his work and his contribution to the society as a whole"<sup>18</sup> which manifested itself in numerous confrontations between the society and groups of students and disadvantaged individuals.<sup>19</sup>

During the middle years of the 1960's, President Johnson was concerned with the development of human resources by providing employment for all members of the society through active governmental policies.

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<sup>17</sup>One area hardest hit by continuing unemployment was the Appalachian region of the U.S. and one major group was teenagers, particularly black teenagers.

<sup>18</sup>Wortman, "Manpower...., p. 199.

<sup>19</sup>Wortman, "Manpower...., p. 199.



We must now crystallize into action the sense of overriding commitment that nobody is to be passed by. What is at stake is whether a free democratic economy can attain well-being for the less fortunate of its people--and whether it can make population growth and technological advance fruitful for all rather than fateful for some. It is up to us.<sup>20</sup>

The first formal governmental enunciation of an active manpower policy was contained in the 1964 Manpower Report of the President.<sup>21</sup> The policy was designed to maximize the skills of unemployed workers and the quantity and quality of their employment opportunities. Coupled with this desire to increase job availability was a wish to add to the economic strength of the country.<sup>22</sup> This shift was justified on the basis of national well-being.<sup>23</sup>

The problem of rigid institutionalism was also of concern to government. The President was aware that both private and public institutions must be re-designed to

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<sup>20</sup>U.S. Department of Labor, Manpower Report of the President (Washington, D.C.: Government Printing Office, 1964), p. xix.

<sup>21</sup>U.S. Department of Labor, Manpower Report...1964, passim.

<sup>22</sup>U.S. Department of Labor, Manpower Report...1964, p. xi and xii.

<sup>23</sup>U.S. Department of Labor, Manpower Report of the President (Washington, D.C.: Government Printing Office, 1965), p. xviii.

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<sup>22</sup>U.S. Department of Labor, Manpower Report...1964, p. xi and xii.

<sup>23</sup>U.S. Department of Labor, Manpower Report of the President (Washington, D.C.: Government Printing Office, 1965), p. xviii.

gain greater employment, housing, transportation, and other types of supportive services for disadvantaged groups by planning and

new willingness to experiment with fresh approaches and put resulting knowledge to practical use.

new efforts to anticipate and prepare for future requirements.

new institutions to coordinate separate activities as part of a considered overall policy.<sup>24</sup>

Beginning in 1965, decreased emphasis was placed on aggregate economic growth problems and an increased emphasis placed upon education, training, re-training, and job matching..." to open the way to employment for the undereducated and poverty stricken."<sup>25</sup>

In his last years in office, President Johnson suggested that the society must never lose sight of its new goal. He defined this goal as a desire to offer every citizen a sense of social usefulness.

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<sup>24</sup>U.S. Department of Labor, Manpower Report..., 1964, p. xiii.

<sup>25</sup>U.S. Department of Labor, Manpower Report..., 1965, p. ix.



We will never lose sight of our goal-- to guarantee to every man an opportunity to unlock his own potential; to earn the satisfaction of standing on his own two feet. Our goal, in short, is to offer to every citizen one of the greatest blessings: a sure sense of his own usefulness.<sup>26</sup>

By 1968, earning a living was declared a "right" with the President asking how..."in an economy capable of sustaining high employment...can we assure every American who is willing to work the right to earn a living? We have always paid lipservice to that right. But there are many Americans for whom the right has never been real..."<sup>27</sup>

During the 1960's the conscious attempt at improving social welfare seems to have been demonstrated much more emphatically than in the previous decade. Throughout the governmental reports of the 1960's, the same theme seems to have been expressed: help for every

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<sup>26</sup>U.S. Department of Labor, Manpower Report of the President (Washington, D.C.: Government Printing Office, 1967). p. xix.

<sup>27</sup>U.S. Department of Labor, Manpower Report of the President (Washington, D.C.: Government Printing Office, 1968) p. xi.

individual.<sup>28</sup> The help was to be accomplished by new governmental and private programs and a new administrative structure of government.<sup>29</sup>

These policies and procedures seem to document at least a desire to engage in social engineering by

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<sup>28</sup>U.S. Department of Labor, Manpower Report of the President (Washington, D.C.: Government Printing Office, 1963), p. xi; U. S. Department of Labor, Manpower Report...1964), p. xix; U. S. Department of Labor, Manpower Report...1965), p. xviii; U. S. Department of Labor, Manpower Report of the President (Washington, D.C.: Government Printing Office, 1966,) p. xii; U. S. Department of Labor, Manpower Report... 1967), p. xix.

<sup>29</sup>Some of these new innovative programs were the following: The 1961 Area Redevelopment Act, the 1962 Manpower Development and Training Act, the 1964 Economic Opportunity Act, The establishment of the Office of Economic Opportunity, and the Office of the Manpower Administrator in the Department of Labor. Additional elaboration on these programs may be found in three series on manpower problems, they are: Policy Studies in Employment and Welfare by Johns Hopkins Press, Baltimore, Maryland; Praeger Special Studies in U. S. Economic and Social Development by Frederick A. Praeger, Publishers, New York; and Policy Papers in Human Resources and Industrial Relations by the Institute of Labor and Industrial Relations, The University of Michigan and Wayne State University and the National Manpower Policy Task Force, Ann Arbor, Michigan.

the government. The Presidents during the 1961-1968 period seem to be aware of the risk involved in...

"being left behind in the dynamic, evolving society where more realistic effort at achieving viable moral standards to attain new social utility<sup>30</sup> is demanded."<sup>31</sup>

This innovative approach did not exist in the Eisenhower administration. The emphasis in the period 1953-1960 was upon reliance on free enterprise and individual efforts operating in a free economy to eliminate unemployment problems while totally unconcerned that structural problems in the labor market had been created which, to a large extent, would negate private initiative.<sup>32</sup>

### Implementation

This portion of the study examines some possible alterations in the operation of the MSES between period I (1953-1960) and period II (1961-1968).

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<sup>30</sup>See Appendix B for elaboration on the concept of social utility.

<sup>31</sup>H. Richard Hartzler, Harry T. Allan, Introduction to Law: A Functional Approach (Glenview, Illinois: Scott, Foresman, 1969), p. 3.

<sup>32</sup>For example see U.S. President, Economic Report of the President..., (1961), p. 60.



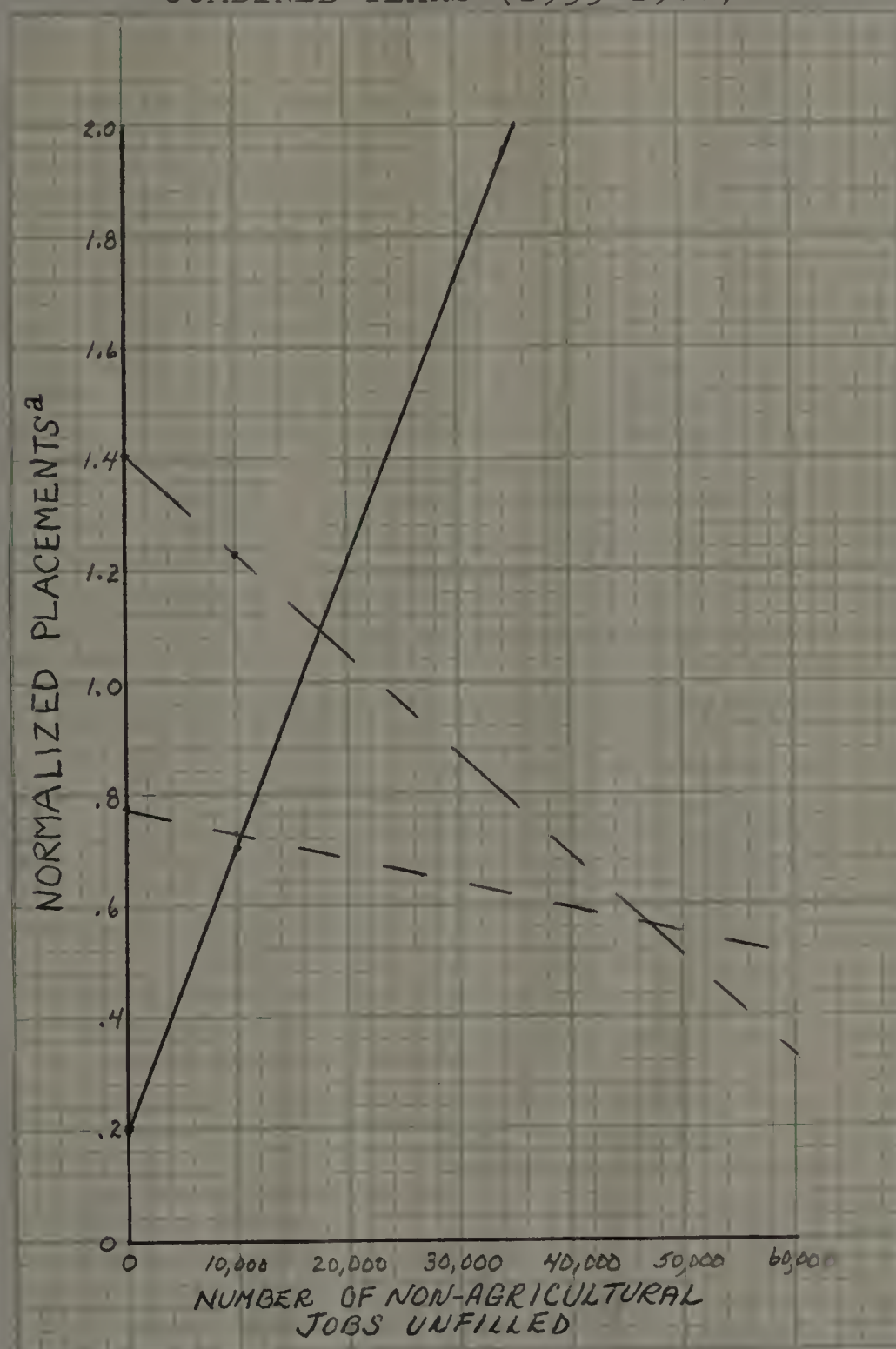
Alterations in a major function. Working hypothesis I said that there is no significant difference between the normalized placement level in period I (1953-1960) and period II (1961-1968).

Thirty-two observations were used for each time period (quarterly data for each of the eight years). A composite regression equation was run and the results were tested for a shift in the slope and the intercept of the curves for each period (see Table 4-1). The results indicated a shift in slope but not in the intercept (see Appendix D). Because of these results, and expecting a shift for both variables, a scatter diagram was plotted (see Chart 4.1). Since this figure seemed to indicate a shift in both variables, a second set of regression equations were run with each of the dummy variables separately. These results indicated that a shift had occurred in both the slope and intercept variables (see Appendix E). Therefore, the equations used were based upon this second set of analyses, with the assumption that the combined regression equation (see Table 4-1) had tended to aggregate and thereby diminish the effects of the intercept shift.

Upon observing the two least-squares linear regressions for Periods I and II, the conclusion drawn suggests that as non-agricultural jobs unfilled increased, normalized

CHART 4.1

SCATTER DIAGRAM OF NORMALIZED PLACEMENTS<sup>a</sup> BY THE  
MSES<sup>b</sup> AND NUMBER OF NON-AGRICULTURAL JOBS UNFILLED  
IN THE COMMONWEALTH OF MASSACHUSETTS PERIOD I  
(1953-1960), PERIOD II (1961-1968), AND  
COMBINED YEARS (1953-1968)



<sup>a</sup>Number of placements  
divided by the number  
of applicants

<sup>b</sup>Massachusetts State  
Employment Service

KEY: \_\_\_\_\_ Period I:  
 $\bar{S} = 0.2016 + 0.000052D$   
 $(0.0129)(0.000017)$   
 \_\_\_\_\_ Combined:  
 $\bar{S} = 1.4106 - 0.0000172D$   
 $(0.0069)(0.0000048)$   
 \_\_\_\_\_ Period II:  
 $\bar{S} = 0.783 - 0.00000478D$   
 $(0.006)(0.0000027)$

At this point the validity of the classical normal regression equation must be tested. The results presented in Table 4-2 indicate that in the cases of both regression equations the Durbin-Watson Statistic indicates no serial correlation. This result indicates that the effects of variables other than the independent variable of non-agricultural job openings unfilled are independent. Therefore, the method of least squares gives the best estimates (that is, estimates with minimum variance), the sampling variances of the regression coefficients do not underestimate the true variance, and the "t" distribution may be used to test hypothesis.

Solicitation of added employment openings. Operational hypothesis 2 stated that there is no significant difference between field visits in period I (1953-1960) and period II (1961-1968).

Keeping in mind the preceding section and hypothesis 2, the results of this hypothesis are especially interesting. The data support shift in the field visits but this change is a decrease in period II from the level in period I (see Table 4-3). This is the opposite of what might be expected, since if the MSES was working with additional hard-core unemployed or underemployed in Period II the expectation would be for added field visits in the second period to seek more placement for



TABLE 4-2

DURBIN-WATSON TEST FOR NON-SPHERICAL DISTURBANCES  
IN MULTIPLE REGRESSION EQUATIONS OF JOB OPENINGS  
AND PLACEMENTS OF VARIOUS INDIVIDUALS BY  
MSES<sup>a</sup> PERSONNEL-COMMONWEALTH OF  
MASSACHUSETTS  
(1953-1968)

Sample Parameters	Slope Variable Equation	Intercept Variable Equation
d-Statistic	1.7971	1.6699
Number of Explanatory Variables	2	2
Number of Observations	64	64
$d_L \pm 1.54$ .05	$d_u < d < 4 - d_u$ (slope) = 1.66 1.7971 4-1.66 = 1.66 1.7971 2.34	
$d_u \pm 1.66$ .05	$d_u < d < 4 - d_u$ (intercept) = 1.66 1.6699 4-1.66 = 1.66 1.6699 2.34	

Since the calculated d-statistic for both the slope and intercept variables falls within the required range ( $d_u < d < 4 - d_u$ ) we do not reject the hypotheses that there is no<sup>u</sup> serial correlation.

<sup>a</sup>Massachusetts State Employment Service.

TABLE 4-3

FIELD VISITS BY MSES<sup>a</sup> PERSONNEL, VARIOUS COMPANIES  
COMMONWEALTH OF MASSACHUSETTS, PERIOD I (1953-1960)  
PERIOD II (1961-1968)

Sample Parameters	Period I	Period II	Pooled Differences
Mean	14477	11991	2486
Variance	5844658.0625	8536626.3943	463938.0769
Number of Observations	32	32	64

$$t = 3.6498$$

$$t_{.95} \approx 2.0$$

Since the derived value for the difference between two means of the t-test was greater than the value of the t-variable at the .95 level of significance, the hypothesis that there is no significant difference between the two periods as to a change in field visits is rejected.

<sup>a</sup>Massachusetts State Employment Service.

these clients in the system. This result would not necessarily indicate fewer disadvantaged clients; it could suggest a poorer solicitation function on the part of the MSES.

Identification of client's abilities. The third working hypothesis stated that there is no significant difference between the number of applicants tested in period I (1953-1960) and period II (1961-1968).

These results tend to indicate a greater relationship between the conclusions of the first rather than the second hypothesis. Positive shifting in period II suggests a possible emphasis on disadvantaged clients because of the added individuals tested (see Table 4-4). Of course, the basic factor is that the formal guidelines to determine the acceptability of the client for testing has not changed during the period.

Operational hypothesis 4 proposed that there is no significant difference between initial counseling in Period I (1954-1960) and period II (1961-1968). This question was included to examine the difference in the number of initial counseling contacts. Since the results were significantly different between the two periods the conclusion is drawn that more clients were involved in the counseling process in period II (see Table 4-5). These new patrons do not necessarily



TABLE 4-4

TESTING OF APPLICANTS BY MSES<sup>a</sup> PERSONNEL, VARIOUS  
INDIVIDUALS - COMMONWEALTH OF MASSACHUSETTS,  
PERIOD I (1953-1960), PERIOD II (1961-1968)

Sample Parameters	Period I	Period II	Pooled Differences
Mean	7143	11156	4013
Variance	2617420.1719	7347508.3081	321489
Number of Observations	32	32	64

$$t = -7.0776$$

$$t_{.95} = 2.0$$

Since the derived value for the difference between two means of the t-test was greater than the value of the t-variable at the .95 level of significance, the hypothesis that there is no significant difference between the two periods as to a change in the number of applicants tested is rejected.

<sup>a</sup>Massachusetts State Employment Service.

TABLE 4-5

INITIAL COUNSELING OF APPLICANTS BY MSES<sup>a</sup> PERSONNEL,  
VARIOUS INDIVIDUALS - COMMONWEALTH OF  
MASSACHUSETTS, PERIOD I (1954<sup>b</sup>-1960),  
PERIOD II (1961-1968)

Sample Parameters	Period I	Period II	Pooled Differences
Mean	6793	9542	2749
Variance	1516259.91	16609437.92	658678.33
Number of Observations	28 <sup>b</sup>	32	60

$$t = -3.3871$$

$$t_{.95} \pm 2.0$$

Since the derived value for the difference between two means of the t-test was greater than the value of the t-variable at the .95 level of significance, the hypothesis that there is no significant difference between the two periods as to a change in the number of initial counseling contacts is rejected.

<sup>a</sup>Massachusetts State Employment Service.

<sup>b</sup>Data not available for initial counseling during 1953.

have to be hard-core unemployed. It is conceivable that they could be non-disadvantaged workers and that the MSES had decided to help or advise more individuals. But, this initial counseling would not be a continuous process unless the clients were mainly disadvantaged. Therefore, before any definite conclusion can be drawn about counseling, the factor of subsequent help must be examined.

Long-term help. The fifth working hypothesis stated that there is no significant difference between subsequent counseling in period I (1954-1960) and period II (1961-1968). With a significant difference between the two periods (see Table 4-6), the conclusion may be drawn that the results indicate added disadvantaged clients involved in the counseling process in period II.

Difficulties of clients to find placement. Working hypothesis number 6 indicated that there is no significant difference between the number of referrals per 100 placements in period I (1953-1960) and period II (1961-1968).

The analysis of this result should indicate the available level of skills of the MSES' clients during the two periods. The significant difference presented in Table 4-7, indicates a substantial change in the client's difficulty during the second period. Of course,



TABLE 4-6

SUBSEQUENT COUNSELING OF APPLICANTS BY MSES<sup>a</sup>  
 PERSONNEL, VARIOUS INDIVIDUALS - COMMONWEALTH  
 OF MASSACHUSETTS, PERIOD I (1954<sup>b</sup>-1960),  
 PERIOD II (1961-1968)

Sample Parameters	Period I	Period II	Pooled Differences
Mean	5436	8678	3242
Variance	745273.83	7408302.31	296066.57
Number of Observations	28 <sup>b</sup>	32	60

$$t = -5.9582$$

$$t_{.95} = 2.0$$

Since the derived value for the difference between two means of the t-test was greater than the value of the t-variable at the .95 level of significance, the hypothesis that there is no significant difference between the two periods as to a change in the number of subsequent counseling contacts is rejected.

<sup>a</sup>Massachusetts State Employment Service.

<sup>b</sup>Data not available for subsequent counseling during 1953.

TABLE 4-7

REFERRALS PER 100 PLACEMENTS BY MSES<sup>a</sup> PERSONNEL,  
VARIOUS INDIVIDUALS - COMMONWEALTH OF  
MASSACHUSETTS, PERIOD I (1953-1960),  
PERIOD II (1961-1968)

Sample Parameters	Period I	Period II	Pooled Differences
Mean	154.71	199.91	45.20
Variance	354.39	469.67	26.52
Number of Observations	32	32	64

$$t = -8.78$$

$$t_{.95} = 2.0$$

Since the derived value for the difference between two means of the t-test was greater than the value of the t-variable at the .95 level of significance, the hypothesis that there is no significant difference between the two periods as to a change in the number of referrals per 100 placements is rejected.

<sup>a</sup>Massachusetts State Employment Service.

this does not necessarily mean that more disadvantaged individuals were applying for MSES help. It could mean that the economy was tighter and that the job openings in the society were fewer. But this did not occur. During the 1953-1960 period, the economy expanded with moderate success. But, in 1961-1968 the economic growth was unprecedented. Many more people were employed in the second period and the average unemployment rates for the two periods were approximately the same.<sup>33</sup>

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<sup>33</sup>During the period 1953-1960 two recessions occurred in 1954 and 1958 causing a drop in gross national product and a rise in the unemployment rate. In period II the gross national product rose greatly and the over-all unemployment rate fell significantly while certain groups in the population still experienced difficult economic times. These groups were primarily minority group members and youths. U. S. President, Economic Report of the President, (Washington, D.C.: Government Printing Office, 1970), p. 178, 104-205.

Although many more people were employed in period II than in period I, the national mean unemployment rate for 1953-1960 was 4.9% while it was 4.88% for 1961-1968. Data calculated from U. S. President, Economic Report of the President..., p. 205.



Given this more advantageous economic position during period II, the only reason for the increase in the difficulty of client placement must be related to the level of skills which the worker had available to exhibit and not any external downturn in the economy.

Analysis of data related to major hypothesis. The major hypothesis of this thesis is that there is no significant difference in implementation of policy at the state level in Massachusetts between the 1953-1960 period and the 1961-1968 period.

Any observable difference (significant or not) is not directly measurable. Reliance must be placed upon the results of the operational hypothesis previously analyzed because of the qualitative nature of the major hypothesis. The data have indicated that a shift in placements by the MSES has occurred (see Hypothesis 1). In fact, the number of placements at a given level of non-agricultural job openings unfilled has decreased in period II (1961-1968).

Additionally, the clients of the MSES have found added difficulty in gaining employment during the second period when the level of national economic growth was high and unemployment low (see Hypothesis 6). Therefore, the conclusion reached at this point is that the level

of placements decreased probably because the clients had fewer marketable skills during the second period.

Most of the other hypotheses suggested that the MSES was actively engaged in providing additional services to disadvantaged clients. This fact was demonstrated by the difference in service level provided in the second period in the areas of testing (see Hypothesis 3), initial counseling (see Hypothesis 4), and subsequent counseling (see Hypothesis 5). Naturally, the expectation would be for an increase in these internally provided and executed services if more initiative were shown on the part of the MSES to give help to the socially disadvantaged. But, field visits as well as placements decreased. This is especially significant since these were the only two variables examined which required the MSES to operate outside their office environment.

The implication of these results tends to indicate a shift in implementation in MSES' internal operation with reduced consideration for the variables such as field visits which require interaction between the MSES and employers.

## Implications of Policy

The resultant implications of this study are of significant importance for our society. It shows not only the response of governments and institutions to the social system but also provides a background for a discussion of change in the values and goals of society.

Value and goal implications. To this point an implicit examination of two distinct systems has taken place. The first of these operations was the organizational interface between the federal and state employment services: while the second consisted of the relationship between the employment service, as a total entity, and the society.

In the first organizational relationship we find the operation of two bureaucratic systems. The federal government is responsible for supplying and distributing funds for all State employment service operations and theoretically sets basic policies and operating standards. While this occurs, the State government has total responsibility for all employment service



operations within its geographic boundaries.<sup>34</sup> Because of this dichotomy of operational responsibility, disagreement tended to occur between the two organizations in recent years. This problem manifested itself in a more aggressive federal stance in manpower policies.<sup>35</sup>

An authority system, must have four existing basic conditions. These are:

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<sup>34</sup>"Under the American system, the individual States are responsible for employment service operations within the boundaries of their jurisdiction. The Bureau of Employment Security within the U.S. Department of Labor provides funds for the operation of these State agencies and sets basic policies and operating standards for the State Agencies." Organization for Economic Co-Operation and Development, Manpower Policy and Programmes in the United States, Reviews of Manpower and Social Policies, Vol. 2 (Paris, France: O.E.C.D., 1964), p. 49.

<sup>35</sup>"As interest in manpower programs has grown, relations between the federal government and the states have deteriorated. Since the federal government provides 100 per cent funding of Employment Service activities, it has begun to feel that it should have a greater voice in their direction. The state agencies consider trust funds as revenues from their own taxes which have been inconveniently routed through federal hands. Therefore, the more aggressive federal stance has brought increased state resentment. There has been some foot-dragging and political protest..." Arnold L. Nemore and Garth L. Mangum, Reorienting the Federal-State Employment Service, (Ann Arbor, Michigan: The University of Michigan and Wayne State University, 1968), p. 36.

1. The must condition. Authority is supported by the availability of enforceable imperatives in the form of coercive sanctions which may be physical or psychological;
2. The supremacy condition. Authority exists insofar as it prevails when challenged;
3. The wholeness condition. Authority purports to be exerted on behalf of the whole group;
4. The recognized officialdom condition. Authority requires that those who act on behalf of the group be recognized by group members as empowered to act for it on the matter in question. There need not be agreement by a member on the wisdom of the purportedly authoritative act, but there must be acceptance of the official's right to undertake it.<sup>36</sup>

The major problem with viewing the system operating between the federal and State partners in the Employment Service lies in the first condition of a law-government or authority system. Obviously a must condition does not exist in this relationship and is manifested by the uncertainty in operational response at the State level. Although the existing system may allow for certain flexibility between States, it also gives rise to uncertainty of nation-wide action. This uncertainty is not just the operation of an informal bureaucracy to

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<sup>36</sup>Hartzler and Allan, Introduction to Law...p. 41.

prevent change, if it so desires, but also could prevent the process of dynamic change being implemented because of the formal structure of the organization at both the federal and State levels.<sup>37</sup>

The second system to be examined is the operation of the law-government system between the Employment Service and the public and the indicated response of the Service to environmental or social demands. In this case we have the conditions necessary for the operation of an authority system. The must condition operates by the use of coercive sanctions in the possible removal of unemployment compensation. This factor would certainly qualify as a psychological method to support the demand for control. Supremacy, the second aspect, exists in the prevailing control of the Employment Service's worker over the public since all bureaucracies tend to reinforce lower level decisions based upon formalized regulations. The third concept of wholeness is satisfied since the Employment Service purports to provide services on behalf of the entire working force; while the fourth condition of recognized officialdom is satisfied with the attached governmental sanction to the

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<sup>37</sup>For a discussion of informal bureaucracy preventing change at the State level see Appendix F.



members of the Employment Service. Therefore, in this case the Employment Service is staffed by recognized officials or bureaucrats. The decisions in each case contain articulations of law or rules for the benefit of all the people of the state and not simply the benefit of the immediate parties. There is no challenge to the right of these officials to make decisions, though persons adversely affected might strongly disagree with them. In effect, the appeal process is non-existent or negligible. In addition to these officials, other individuals or factors may enforce the imperatives of the decision by administration of coercive sanctions.

With the existence of the law-government system, societal response to it may be examined. To begin, the system may be divided into its three basic components, the input, the process, and the output.

The first of these, the input, consists of a divergency of urges within the group, and an asserted claim for recognition and its securing of interest based upon the claim. If we consider the total society as a group, we find a demand by a minority sector of the public for changes in the operation and policy of the Employment Service.

In effect we have seen this demand manifested recently by a greater degree of interest in public reaction expressed by the government and by joint meetings between the public and governmental officials to provide two-way communication.<sup>38</sup>

The second or process function consists of recognition of the claim in a remedy form, the authoritative generalization of the remedies, and forms the concept of right-duty relationships in recognized interests. This portion gives rise to conflict between the federal and state parts of the Employment Service. When the public asserts a claim against the Employment Service to secure a new interest, the organization relationship interface between the state and the federal bureaucracy could cause the prevention of a claim from being processed satisfactorily within the group legal system boundary. If the claim is made against the federal government, the retort could be that each state has operational jurisdiction within the state while the state could claim that they abide by the federal guidelines. Therefore, because of the joint venture concept

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<sup>38</sup>Witness the increasingly joint basic concept developed in the early and middle 1960's "War on Poverty" where the major premise was the joint management and operation of Community Action Agencies (CAA's) by the public and the government.

between the federal and state governments, or either of the governmental bodies, the public could run into increasingly frustrating problems in attempting to achieve quick processing<sup>39</sup> of the claim by the authority system of the group.<sup>40</sup>

The final phase of the legal system would be the output or functions of the system.<sup>41</sup> The areas of channeling and rechanneling conduct and expectations have probably been given the greatest emphasis in the past few years. The development of the manpower policy concept along with such programs as the Concentrated Employment Program (CEP) and Experimental and Demonstration Programs (E and D) have been designed

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<sup>39</sup>Recent methods to alleviate this problem were demonstrated by the establishment of the Cooperative Area Manpower Planning System (CAMPS) by providing local contacts for state Employment Service personnel and allowing the public to express their views to governmental officials during the planning stage of decision-making. Unfortunately this program has not had the success hoped for it when it was established. See Nemore and Mangum, Reorienting the Federal-State Employment Service...pp. 37-39.

<sup>40</sup>When this occurs, the only alternative left to the public is to attempt change by methods outside the law-government system.

<sup>41</sup>The functions are disposition of trouble cases, preventive channeling of conduct and expectations, preventive rechanneling of conduct and expectations, allocation of authority to persons and procedures, implementation of long-term goals, and appropriate decision-making techniques.



primarily for maintaining governmental control over the new level of expectations among minority group members. Unfortunately, these positive actions have not been sufficient to eliminate the inequalities in our system but if organizations become more responsive to policy changes, the orderly transition toward a society of equality may emerge. But, to do so,..."the federal manpower system must have flexibility...and to...respond appropriately to the requirements of a dynamic society and the special needs of local communities."<sup>42</sup> In addition, those inequities which exist between States must be totally eliminated to provide equal opportunities for all individuals regardless of their residence.<sup>43</sup> This form of organizational response and structure can finally be related to the social system existing in our society.

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<sup>42</sup>U.S. Department of Labor, U.S. Manpower in the 1970's: Opportunity and Challenge (Washington, D.C.: Government Printing Office, 1970) p. 25.

<sup>43</sup>By virtue of residence in one state rather than another...The opportunities of individuals are limited by factors which constrain the organizations which serve them." S. R. Klatsky, "Organizational Inequality: The Case of the Public Employment Agencies," The American Journal of Sociology, Vol. 76, No. 3 (November, 1970), 489-90.

In recent years, this social system has developed changing values and goals at least among some of its members. This dichotomy between the individuals desiring change and those members of bureaucracies who resist the new approach, creates conflict between subsystems in the society. But, "social well-being can exist only insofar as each unit performs its functions and receives proportionate benefits."<sup>44</sup> One problem today is that one subsystem of the society, namely the disadvantaged, do not feel as if they are receiving their rightful benefits. This disenchantment is caused by the changing value sets in the society<sup>45</sup> which represent the general consensus of units and individuals as to expectations, hopes, and manner of behavior.

All existing social systems have goals. Because of this, a democratic society must be future-oriented. This outlook caused by continual re-definition of goals alters the value sets and, to retain control, governments must undertake planned social engineering.

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<sup>44</sup>S. Prakash Sethi, Business Corporations and the Black Man (Scranton: Chandler Publishing Company, 1970), p. 5.

<sup>45</sup>Sethi, Business Corporations..., p. 5.

Within each subsystem, different value sets exist which are determined by the subsystem. Different human needs will define different subsystems, and since needs change over time, it is important that the total system have procedures for developing new subsystems. But, as a subsystem grows, it creates its own momentum and increase in power. When this occurs, the individuals within the subsystem are not protected from the institution's excess power. This is particularly damaging when the subsystem is the state which has direct and indirect control over the legal mechanism to effect change.<sup>46</sup>

In this particular instance we find a bureaucracy operating within the governmental subsystem. The problem is not the static or unresponsive bureaucracy since this group is a "dynamic-conservative"<sup>47</sup> force in the system. The subsystem has difficulty in responding to demands from the society which are based on values which they cannot understand or are different

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<sup>46</sup>Warren H. Schmidt (ed.), Organizational Frontiers and Human Values (Belmont, Cal.: Wadsworth Publishing, 1970), p. 40.

<sup>47</sup>Schmidt, Organizational..., p. 18.



from the bureaucracies own value set. This value dichotomy tends to give the outsider the impression of a static force operating in organizations.

In this particular case, the findings indicated that the federal government had, to some degree, engaged in social engineering by designing some planned social change in period II (1961-1968) which did not exist in the first period (1953-1960). While the policy was being changed, the implementation by the MSES was taking place. But, this implementation change only seemed to be occurring with the internal variables (counseling, testing) and not with the external variables of placement and field visits. Therefore, although the USES and MSES have re-oriented portions of their approach, they probably have not changed the goals of the bureaucrats with regard to the external environmental work.

The solution to this problem probably lies in restructuring the organization and the value set of the governmental subsystems' members. Obviously the organization should not be more centrally directed or autocratic, but, at the same time, an organization should be more responsive to environmental change at both the federal and state levels, and the state level should be more responsive to policy changes from the federal level. This solution may not lie in the elimination of

the bureaucratic structure since this group does seem to be responding to the change but may require an atmosphere of adaptability among the members of the organization by creating a futuristic orientation via organizational development which would include human values in the decision-making process of change.

Therefore, in examining the governmental response or shifting of approaches to the problems of the disadvantaged in the society, it can be viewed as a three-fold escalation. The first level would be the lack of response to public demands for governmental programs. This level never existed actually in the United States since the federal government did attempt response to public demands. The second level would be the responsive reaction of the governments to public demands for change. This seems to be the area within which the governmental agencies operated. The role of the governmental subsystem is viewed as a response mechanism to the other subsystems in the society. They responded to the demand for change and attempted to maintain an equilibrium balance between the different subsystems.

The third level or step would be that of social engineering where the governmental subsystem anticipates potential problems and suggests and initiates new

solutions to those problems. This activity would occur prior to a demand by the other subsystems in the society. Although the government had changed policy during the Kennedy-Johnson administration, they did not engage in the process of social engineering.

### Summary

The results of the analysis of the Employment Service was offered in this chapter through the discussion of Manpower Reports of the Presidents' and six operational and one major hypothesis.

A discrepancy was found with respect to the policy and implementation by the Employment Service in period II (1961-1968) and period I (1953-1960). At the federal level of the Employment Service, a policy shift was examined based upon reports from the executive branch of government. This change in policy indicated greater response to public demands and desires for increased government activity in the problems of employment.

Subsequent to this examination, the MSES was discussed for implementation of the policy shift. Several operational hypothesis attempted to determine the relationship between the major functions in each of the two periods, e.g.--period I (1953-1960) and period II (1961-1968). In this analysis, the decision was made



that the MSES had implemented the new policy to some degree. This was particularly noticeable with the internal variables of counseling and testing but not so with the externally-related variables of placements and field visits. All these changes occurred while the client was finding greater difficulty in procuring employment.

Finally, the problems of bureaucratic conflict and change were discussed in a comprehensive analysis of its role in the social system and the government subsystem in particular.

In short, the results of this work offer verification of the commonly heard maxim about the shifting approach of the Employment Service in their dealings with the disadvantaged individual and suggests some areas for better operation. The preceding chapter indicates that the USES must create new and better methods to supply services to become the socially needed Manpower Center for our society.

## CHAPTER V

### CONCLUSIONS AND RECOMMENDATIONS

This chapter is intended to: (1) identify the problem and hypotheses, (2) note the limitations inherent in the study, (3) summarize the results, (4) examine the implications of the methodology of study for the field of Business and Its Environment, and (5) to suggest future research.

#### The Problem and Hypotheses

The basis of this thesis was to determine if there were any problems with state-wide implementation in Massachusetts of federal policy shifts by the Employment Service. Related objectives included those of determining: (1) if a policy shift had actually occurred; (2) the philosophy behind the policy change; (3) problems in implementation; and (4) the social implications of the shift.

In making the analysis, the legal concept of social engineering was used to examine the policy shift and a

statistical approach was utilized in the implementation phase with data gathered on the MSES. In analyzing this information, six working and one major hypothesis were tested.

The six operational hypotheses were formulated to supplement the major one and are listed briefly below:

There is no significant difference between period I (1953-1960) and period II (1961-1968) in: (1) normalized placement level, (2) field visits, (3) number of applicants tested, (4) initial counseling, (5) subsequent counseling, and (6) the number of referrals per 100 placements.

The major hypothesis of this thesis was that there would be no significant difference in implementation by MSES between period I (1953-1960) and period II (1961-1968).

Testing of the major hypothesis was performed by examining the relationship between a normalized placement factor and non-agricultural job openings unfilled in a regression equation with two dummy variables. Various t-tests were utilized with respect to the six operational hypotheses.

### Limitations

The main limitations with regard to the statistical analysis are multi-fold. As with any normal linear regression equation, the assumptions of linearity, and that the variance of the dependent variable for each



subpopulation (called the variance of regression or residual variance) is equal for all subpopulations, were made. Other assumptions such as the distribution of the error term were tested. In the operational hypotheses, the use of the t-tests naturally gives rise to questions of normality of the distribution and sample size; both of which were sufficiently studied before proceeding with the analysis.

Another limitation was the documents selected to analyze the policy. This selection of material can be questioned as well as the sociological-legal techniques used. These techniques have only been used outside of the legal profession on selected occasions and the attempt to unite sociology, law, and social psychology in the area of examination of "institutions" may be criticized; but it also may lay the groundwork for future research and greater understanding of problems and solutions in the area of conflict and change within an organization as well as a society.

### Results

An examination of policy statements from the Executive Branch of the federal government indicate a shift in policy between the two periods of time (1953-1960) and (1961-1968). Tests of the working

hypotheses indicated that the members of the MSES increased their work in the areas of testing and counseling but decreased their normalized placement level and field visits. Further analysis suggested an increase in the difficulties of Employment Service clients to find placements.

These results raise some obvious contradictions. The data suggests that the clients in period II (1961-1968) were having greater difficulty in finding jobs than in Period I (1953-1960), when period II was a more successful economic period. This may indicate that more disadvantaged people were coming to the MSES for assistance. If the MSES were responding to a policy shift by the USES to provide added jobs for the disadvantaged members of the society, there should have been increased activity in both the internal and external operations of the Employment Service. The internal factors of testing and counseling indicate that the organization was responding to these needs. But, the external factors of placements and field visits decreased in period II.

The examination of the major hypothesis indicates that the MSES did shift its operations to provide added service to the disadvantaged even though certain external variables lagged behind the internal variables.

## Implications

The major implications for this work can be related to a number of diverse groups and areas of academic interest. The implications for the USES are as follows:

1. To become the Manpower Center of the society, the USES must provide better services to all members of the society. The need for added public help is easily documented in the study. During the 1960's, major changes were made in the type and quantity of services offered to the public, particularly the hard-core unemployed and underemployed. As time has progressed, most of these programs have proved inadequate if not useless. The reasons for this relatively poor level of performance appear to be inefficient adaptation to the unique problems of the poor by the bureaucracy of the Employment Service and a basic lack of governmental understanding of the role of social engineering in planning for societal advancement.

In addition, the need for services to professional and semi-skilled workers is important considering the concept of a societal Manpower Center. Therefore, the USES must also provide help and assistance to these workers as well as the undermotivated worker. This type of service would be of a totally different nature than



ever provided in the past and coupled with other types of program emphasis could truly develop into a total approach. A major drawback would be the organizational structure. It would probably be much more efficient and innovative if a new unified manpower agency were founded to incorporate all these programs and to provide the necessary manpower input to all governmental activities and to discuss the impact of programs upon national manpower.

2. The USES could probably provide its services in a more efficient and systematic way to their clients by bringing the source of funds and programs closer to the user. This would entail eliminating some of the bureaucratic layers between the government and the public so that criticism and praise could be adequately identified. One of the most recent approaches to this problem is the concept of governmental revenue sharing in the manpower field. Naturally, this concept could not be introduced by the Employment Service without Congressional approval but the USES and the United States Department of Labor could certainly provide information to document the benefits of this approach.

Some of the implications which are relevant both to the USES and the MSES are:

1. The structure of governmental agencies may give rise to problems caused by the dysfunctions of bureaucracies. Obviously, there are two basic approaches to a solution. The first would consist of providing necessary challenges to the decision-making process while the second would be an organization not dysfunctional to the values and goals of the society. Since the latter factor is usually impossible because of the rigid goals in an organizational hierarchy, the first approach would probably be more valid.

The most obvious manifestation of this rigidity comes when the decision-making process undergoes social challenge because this factor brings about a direct confrontation between the society, or at least some of its members, and the goals and value set of the institution and its bureaucracy. To prevent this rigidity from occurring in the Employment Service, sufficient control must be placed upon bureaucrats either directly or indirectly through organizational structure. In addition, an internal environment must be established that would be conducive to receiving proposals, accepting them, and implementing them.

2. To provide these necessary factors, an authority or law-government system should be established within

the Employment Service. This procedure would contain the four provisions of an authority system including the "must" condition between the state and federal portions of the Employment Service which does not exist at present. Of course, if a totally new organization were established or the revenue sharing concept were adopted, this type of system would require some modification but the responsibility for decision-making must be contained in either the state or federal government to gain the necessary control.

The area of Business and Its Environment is involved in the implications as follows:

1. The reasons for the policy shift should be explored in greater depth by the society as well as governmental response to social change. The main method of examining these concepts would be through the use of socio-legal techniques to analyze the problems of conflict and change in organizations and the entire society. By making use of the Weber-Llewellyn-Tonnies model and the Llewellyn-Pound composite system, the analysis would consist of internal evaluation and allow for environmental considerations.

2. Finally, the above mentioned models might provide a needed paradigm and theoretical framework from which the area of Business and Its Environment may expand its



analysis and understanding of social and organizational problems. Once the conflicts have been identified, solutions may eventually be proposed which will take into consideration the many faceted aspects of institutions.

### Future Research

Future research might expand the scope of the present study. Instead of taking just the Commonwealth of Massachusetts, a future study might focus on all the states or a particular geographic area of the United States to compare sections or states of the country in their responses to the policy shifts. This type of approach would be particularly interesting to the USES. If most or all of the states were implementing the policy shifts, it would probably indicate a fairly satisfactory federal organizational structure in the employment area. Of course, if the reverse was discovered, the need to re-organize the Employment Service would become immediate and necessary.

Moreover, further work could be done in examining the policy and its shift in terms of the selected documents. One other source of information might be detailed analysis of congressional hearings to determine the attitude of the Congress toward the policy and

whether or not the Congress was supporting any change by the Executive Branch in the policy of the USES. Because of the appropriation function of Congress, a negative attitude could indicate a failure for policy change because of insufficient funding. Of course, the best type of analysis could be conducted if the individual was permitted access to the private documents of the USES. This would not only provide insight into the thoughts of the USES bureaucracy but also indicate the attitude of other governmental members toward the policy change and any modification caused by needed adjustment to internal pressure groups within the governmental subsystem.

In the future, special emphasis should be placed upon the negative as well as the positive bureaucratic aspects of the Employment Services' present system of authority and control. The dysfunctions of the operating bureaucracy would give rise to a conflict between the goals of the society and the goals of the governmental subsystem or the Employment Service in particular. Furthermore, this type of attitude may give rise to a desire to prohibit internal modification. Naturally, this would cause internal stagnation and a desire on the part of the subsystem of government to prevent a modification for change and an adaptation to the changing

values of the total society. Therefore, more research should be done on revising the structure, its response to the public, and the influence of politics and political philosophy on the role of government in manpower policy.

Additional research should be done on field analysis of selected parts of the Employment Services' bureaucracy. This could be done by analyzing selected documents in terms of the Weber-Llewellyn-Tonnies model developed in this paper. This type of ideal standard would enable the individual to scrutinize the position of the organization in terms of receptiveness to change in congruence with societal expectations. The researcher would examine and discuss the consensus of units in the subsystem as to their expectations, aspirations, and modes of behavior which would represent the goals or value sets of the group. Of course, by using this socio-legal model, he would automatically incorporate the environmental aspects of the organization in his discussion and analysis.

Further research might be done in the area of social engineering used by the public sector and its effect on the society and the factor of change. Too much emphasis has been placed on formal controls in certain sectors of the Employment Service and too much politics



in others. Without a positive program and structure, the changes soon become mere "gimmicks" and are recognized as such by the clients of the system. These programs can only be effective and a stimulant for development when introduced in an environment which is conducive to such development.

### Summary

A statistical examination of an implementation shift has been undertaken dealing with the MSES. Analysis of the data revealed that a shift had occurred when a federal government policy directive was issued. The shift had definitely taken place with the internal variables of testing and counseling but was not evident in the external variables of field visits and placements. What is important is that the state bureaucracy in the MSES did not prevent a shift from occurring, at least as far as the internal variables. In other words, it seems as if the MSES participated in the change toward providing added services for the disadvantaged members of the society.

A very real danger lies in the organizational structure of the USES. No practical method exists to compel the state-wide Employment Service to respond to desired changes in operations by the federal government.

Although the system does indicate that the Labor Department may withhold governmental funds from state organizations, this has not been politically feasible. In addition, no real feedback mechanism exists in the system to allow for desired interaction by the public. Both of these issues could cause a total breakdown in the system of supplying help to the disadvantaged.

To eliminate both of these problems, alternative solutions may be suggested. The most radical and all inclusive would be a totally new unified agency. This organization would deal with all manpower problems and would provide a necessary manpower input to all government discussions and decisions.

If this organization were not feasible because of political considerations, the concept of a manpower revenue-sharing system might eliminate some of the problems of bureaucratic response and stagnation. In either case, an authority or law-government system should be set up to provide for control, establishment of responsibility, and a method for effective challenges by groups in the society to the decisions of the Employment Service.

## APPENDIX A

A method of examining social theory is via the use of legal analysis. One of the foremost scholars in the field of social analysis was Max Weber. Although his work on legal systems evolved mainly from a study of the operation of the German government during the dictatorial and militaristic days of the late 1880's, much of this material may be presently used in providing (or resurrecting) a viable theory for examination of organizations.

In his analysis of interrelationships of social phenomena, Weber perceived the need for creating a total system of concepts and definitive terminology as the preliminary step for all future analysis. Therefore, he undertook the task of designing a set of rigorously defined pure concepts. These pure concepts were designed with no relationship to any situation of the past or the present. They were merely artificial characteristics to enable the scholar to have a basic framework of theory from which he could expand his ideas. For these pure concepts, Weber used the term ideal. These "...ideal types of Weber's sociology are simply mental constructs meant to serve as categories of thought the use of which will help us to catch the infinite manifoldness of reality by comparing its phenomena with those pure types



which are used, so to speak, to serve as guides in a filing system."<sup>1</sup>

This use of ideal concepts was not unique to Weber but the consistent manner of use and its total elaboration of the category's set of social phenomena was new. This enabled the scholar to observe, describe, analyze, and understand the continuous change of the sociological interrelationships.

In Weber's legal and sociological relationship, he began by indicating that the Western world had developed a unique method of legal thought which he entitled logical formalism.<sup>2</sup> For further elaboration, Weber suggested that in both of the basic activities of law creating, and finding the law once created, there were two methodological characteristics, rational or irrational, and that each of these characteristics could proceed either with respect to formal or substantive criteria.<sup>3</sup>

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<sup>1</sup>Max Weber, Law in Economy and Society, translated and edited by Max Rheinstein (Cambridge: Harvard University Press, 1954), p. xxxviii.

<sup>2</sup>This approach is based primarily upon Weber's insights into capitalism. See Max Weber, The Protestant Ethic and The Spirit of Capitalism, trans. by Talcott Parsons (New York: Charles Scribners' Sons, 1958), passim.

<sup>3</sup>Weber, Law..., pp. 224-256.

The procedure of formal irrationality would deal with the approach toward problem solution by means beyond the control of reason, such as a prophetic revelation. The other irrational approach, that of substantive, would be the use of pure arbitrariness or quickness in jumping to conclusions in a cavistic manner by use of emotional evaluations.

The concept of rational characteristics must be manifested by activities with rationally guided considerations. The rational approach in a substantive manner consciously follows some clearly conceived principle or pattern, such as religion or social norm.<sup>4</sup> In the formally rational characteristics, law making and finding is the use of law...."insofar as significance in both substantive law and procedure is ascribed exclusively to operative facts which are determined not from case to case but in a generically determined manner."<sup>5</sup> This last ideal type of approach is further dichotomized. The first form is of an extrinsic character. The second is where the law making and finding proceeds upon a generic rule basis in a

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<sup>4</sup>This would be the approach advocated by Roscoe Pound entitled the functional school of legal theory and jurisprudence.

<sup>5</sup>Weber, Law..., p. xlix.

## FIGURE 1

## WEBER'S LAW MAKING AND APPLICATION SYSTEM

1. irrational, i.e., not guided by general rules
  - a. formal: guided by means which are beyond the control of reason (ordeal, oracle, etc.);
  - b. substantive: guided by reaction to the individual case;
2. rational, i.e., guided by general rules
  - a. formal:
    - (1) extrinsically, i.e., ascribing significance to external acts observable by the senses;
    - (2) logically, i.e., expressing its rules by the use of abstract concepts created by legal thought itself and conceived of as constituting a complete system;
  - b. substantive: guided by the principles of an ideological system other than that of the law itself (ethics, religion, power politics, etc.).

Source: John J. Bonsignore, "Existentialism, The Rule of Law and Article 2 of the Uniform Commercial Code," Midwest Business Law Association, Detroit, 1970, p. 7. (Mimeographed)



logical manner. These rules are not determined by an ideological system or formalized and observable acts but only of abstract generic character.

Ferdinand Tonnies used a dichotomous relationship to discuss basic characteristics of social systems.<sup>6</sup> The major distinction between these two systems, called Gemeinschaft and Gesellschaft, was in role relationships.<sup>7</sup> The member's role in Gemeinschaft societies are broad while in Gesellschaft societies the role is narrow. This narrow approach is a limiting individual factor designed to affect the efficiency of each individual as a means toward the end of achieving organizational goals. Therefore, in this narrow role-society there exists many social subsystems to which an individual belongs. Each of these subsystems tend to be basically autonomous entities unconcerned with other roles and do not evaluate him in terms of his actions in other subsystems. In the broad Gemeinschaft society we have totally integrated subsystems designed to support each

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<sup>6</sup>Earl H. Bell and John Sirjamaki, Social Foundations of Human Behavior (2nd. ed., New York: Harper and Row, 1965), pp. 212-223.

<sup>7</sup>In this case role relationships are defined as the rights and responsibilities of members to each other.

FIGURE 2

SUMMARY OF GEMEINSCHAFT AND GESELLSCHAFT  
SOCIAL SYSTEMS

Gemeinschaft	Gesellschaft
<hr/>	
Orientation	
Norm or means	End or goal
Members welfare	
Relations	
Intimate	Formal
Affectional	Impersonal
Solidary	Contractual
Community of fate	Specific and limited
Action	
Nonrational (traditional, emotional, and sacred)	Rational (end-oriented, pragmatic, and secular)
Functionally diffuse	Functionally specific and limited
Responsibility of System and Individual	
Diffuse	Limited
Blanket	Specific
Roles	
Integrated	Fractional and specific
<hr/>	

Source: Earl H. Bell and John Sirjamaki, Social Foundations of Human Behavior (2nd ed.; New York: Harper and Row, 1965), p. 217.

other's norms and effect social control through pooling of resources.

Relationships in Gemeinschaft societies are basically personal and sentimental while in Gesellschaft the relationships are solely limited to impersonal dealing within a set level of task.<sup>8</sup> "This can be summarized by saying that in a Gesellschaft group, an individual is important only as a means to achieve an end. In the Gemeinschaft group, he is the end."<sup>9</sup>

Some of these sociological concepts of Weber and Tonnies may be developed and elaborated using the legal framework of Karl Llewellyn with his discussion of

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<sup>8</sup>Two examples of these positions are as follows: "One is a small village in which the social system is Gemeinschaft-like and a city in which the social system is Gesellschaft-like. In the village there are many norms which are supported by most of the social subsystems, including the business enterprises and informal groups, as well as school or church. One of the norms in our hypothetical village is that of abstinence from the use of alcoholic beverages. If an individual is suspected of drinking, all the subsystems including the group in which he works will bring pressures to bear on him. In the city there are many more subsystems and little consensus regarding norms. The individual can find groups in which drinking may be a norm. Even though the employer personally may be opposed to drinking, he will not insist that his employees abstain providing drinking does not interfere with their work." Bell and Sirjamaki, Social Foundations...p. 214.

<sup>9</sup>Bell and Sirjamaki, Social Foundations..., p. 214.



legal systems and elemental breakdown of group behavior relative to these systems.<sup>10</sup> In fact, Llewellyn's concept of legal systems is a close analogy to the social systems work previously discussed.<sup>11</sup> In an attempt to broaden the concept of legal system, Llewellyn reworked the theory into a law-government system.

"One extreme condition (which he called the government pole of the continuum) would be a legal system operating without any rule of law. Decision in such a system would be made according to the arbitrary whim of the man or men in control of the system. The opposite extreme condition he labeled the law pole. A system so structured would be a system of law and not of men."<sup>12</sup>

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<sup>10</sup>Karl Llewellyn, "Law and the Social Sciences, Especially Sociology," Harvard Law Review, 62 (1949), 1286.

<sup>11</sup>In one of his major works, Llewellyn suggested that the isolation of the legal system from the other operating institutions within the group would enable the individual to perceive, and more comprehensively understand, the operating behavior, structure, and change of the entity. See Karl Llewellyn and E. Adamson Hoebel, The Cheyenne Way (Norman Oklahoma: University of Oklahoma Press, 1941) pp. 3-66, 273-340.

<sup>12</sup>H. Richard Hartzler and Harry T. Allan, "Legal Theories of Roscoe Pound and Karl Llewellyn: Their Application to the Study of Behavior Within Business Organizations," American Business Law Journal, Vol. 5 #1 (1967), 9-10.

In relating the system to actual practice, Llewellyn suggested that the real world system fell within the extreme points of the continuum. The law government system as examined by Llewellyn can be imposed upon the legal systems of Weber to gain a composite theory. In the pure law end of the law-government continuum, a rule must exist for every human eventuality. These rules would govern all human behavior, and all exercises of discretion or judgment by a leader would be excluded.

At the opposite or government end of the concept an absolute tyrant would control human behavior by the capricious and whimsical exercise of his desire in no discernable pattern. Since both of these conditions are highly unlikely, most functioning systems would contain mixture of both elements. In most political democracies, the dominant element would be law, while under dictatorial control, the government element would be the most prominent. Of course, within each system, sub-systems may exist which would have an opposite dominant element without causing a complete shift in the total system.

Within the law-government system a four-fold relationship could exist between the discretion of those fulfilling the governing function and the system's rules which control that discretion. The typology has been

FIGURE 3

## LLEWELLYN'S LAW-GOVERNMENT SYSTEMS

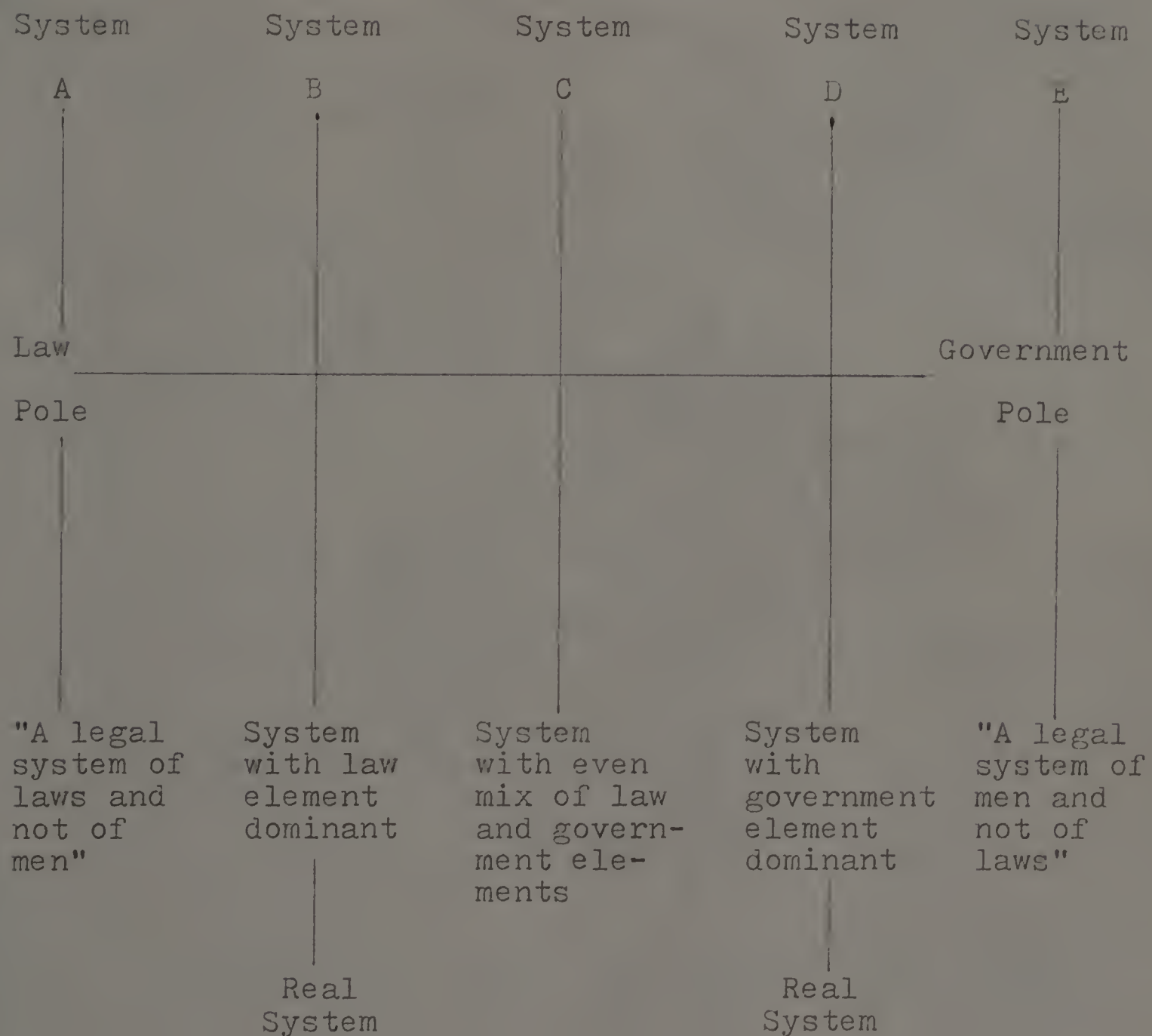




FIGURE 4

## COMBINATION OF LLEWELLYN'S AND WEBER'S THEORIES

Law						Government
Pole	F.I.	F.R.	S.R.	S.I.		Pole

F.I. - formal irrational

F.R. - formal rational

S.R. - substantive rational

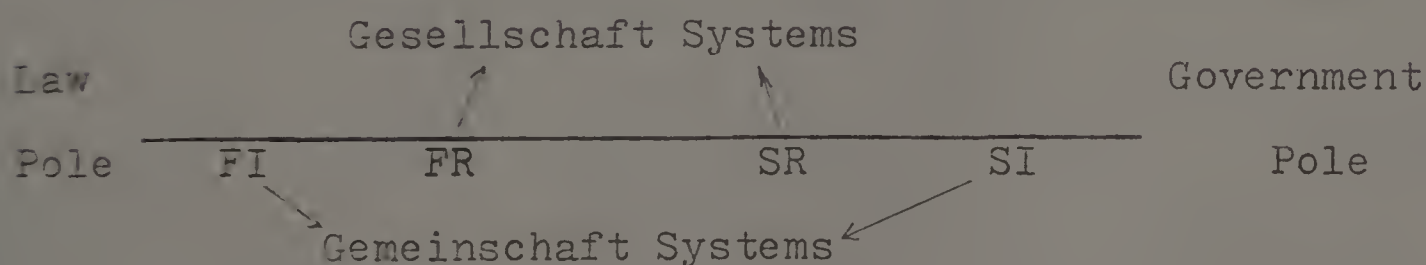
S.I. - substantive irrational

previously examined as part of the law finding or making process and the law application process identified by Max Weber.

This Weber-Llewellyn typology may be linked with the theory of social systems identified by Tonnies. The formal- and substantive-rational portions may be considered *Gesellschaft*-like while the formal-and substantive-irrational may be considered as *Gemeinschaft*-like. These concepts may be combined in a joint typology.

FIGURE 5

COMBINED LLEWELLYN, WEBER, AND TONNIES THEORY



- FI - Formal Irrational
- FR - Formal Rational
- SR - Substantive Rational
- SI - Substantive Irrational

The *Gemeinschaft* systems are not guided by general rules but by means beyond the control of reason or by reaction to the individual case while the *Gesellschaft* systems are guided by general rules. This is the identical type of approach used by Weber.

## APPENDIX B

Roscoe Pound, the modern father of the functional school of legal theory, was very concerned with legal history. He used this study to obtain a better understanding of the nature and function of law. Pound examined the social utility foundations of law and perceived a theory of interests based on simple elements of a legal system.<sup>1</sup> His theory began with the assertion of a claim by a segment of the society followed by the acceptance of this claim as a remedy. Repetition then gave rise to a generalization of this remedy which, in turn, created a recognized right.

With the concept of social utility applied to law, Pound felt that the common law could be adapted to present-day problems and reality in our state-legal system. This evolutionary process, entitled social engineering, is where group members participate in improving the societal welfare.

If an examination is made of the state group, the law and social engineering relationship is as follows:

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<sup>1</sup>Roscoe Pound, "The Scope and Purpose of Sociological Jurisprudence," Harvard Law Review, 25 (1912), 489-516.



For the purpose of understanding the law of today, I am content with a picture of satisfying as much of the whole body of human wants as we may with the least sacrifice. I am content to think of law as a social institution to satisfy social wants--the claims and demands and expectations involved in the existence of civilized society--by giving effect to as much as we may with the least sacrifice, so far as such wants may be satisfied or such claims given effect by an ordering of human conduct through politically organized society. For the present purposes, I am content to see in legal history the record of a continually wider recognizing and satisfying of human wants or claims or desires through social control; a more embracing and more effective securing of social interests; a continually more complete and effective elimination of waste and precluding of friction in human enjoyment of the goods of existence--in short, a continually more efficacious social engineering.<sup>2</sup>

Pound elaborates upon the features of social utility which are important in adapting law to the present existing system via the concept of social engineering.<sup>3</sup>

The first aspect is the fact that legal history is made more succinct by the use of social utility as a historical device. As an example of this concept, Pound used the variable of peace and discussed the fact

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<sup>2</sup>Roscoe Pound, Introduction to the Philosophy of Law (New Haven, Yale, paperbound, 1961), p. 47.

<sup>3</sup>Pound, Introduction..., passim.

that man had, through social engineering, devised remedies as substitutes for self help.

Secondly, Pound felt that legal history revealed a growing recognition of social interests if social utility was used as a base. These social interests could be divided into the following six parts:

1. The claim for general security.
2. The claim for security of fundamental social institutions.
3. The claim for conservation of social resources.
4. The claim for security from immoral act based on the societal norms.
5. The claim for general progress.
6. The claim for individuality.<sup>4</sup>

The third variable was the need for the social engineer to examine the rules and elements of the legal system he was adapting in terms of concrete situations and not just from an abstract perspective.

In attempting an improvement of social welfare, a few basic methods of approach are easily discernible. The first of these would be via the use of conduct which

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<sup>4</sup>Roscoe Pound, Jurisprudence, Vol. III (St. Paul: West, 1959), pp. 3-376.

worked to affect the performance of individuals in society on a moral level.<sup>5</sup> Some of the institutions used as tools to cause the desired change are the family and the church as well as some informal and formal relationships among and between group members. The other approach would be the operational functioning of government and economic institutions to affect the freedom and actions of the individuals involved at both a decision and moral level.

Law can be a very important tool in the operation of the level of human welfare. But to be so requires a perception of the role and relationship of law to society.

Individuals who engage in no more than the ordering, systematizing, and logical reconciling of the details of law are doing little more than attempting to understand what the rules of law are. These people tend to petrify the existing social order, and they risk being left behind in the dynamic, evolving society where more realistic effort at achieving viable moral standards to attain new social utility is demanded. At most, their efforts may lead to a dim awareness that law functions to solve individual and social problems. Others--those who ask what the law should be in order to attain better social utility and who consciously set out to improve the law and thereby improve social welfare--are acting as social engineers.<sup>6</sup>

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<sup>5</sup>Edmond Cahn, The Moral Decision (Bloomington, Indiana: Indiana University Press, 1955), passim.

<sup>6</sup>H. Richard Hartzler and Harry T. Allan, Introduction to Law: A Functional Approach (Glenview, Illinois: Scott-Foresman, 1969), p. 3.



Karl Llewellyn attempted to apply legal theory to non-state groups. In addition to the all-institutional approach to legal systems, Llewellyn also examined the operation of the law-government system as a vehicle effecting maintenance and change in group structure and behavior. This process was divided into six stage process as follows:<sup>7</sup>

1. Disposition of trouble cases. This is a functional restatement of the peace restoring aspect of Pound's peace keeping interest.
2. Preventive channeling of conduct and expectation. As a minimum this function concerns the planning ahead for the avoidance of dispute and, as a maximum, planning ahead for the optimizing of the group's performance in attaining group goals.
3. Re-channeling of conduct and expectation. This is an expression of the change function of legal system. As a group's goals, needs and expectations change, the legal system plays a primary role in re-channeling affected behavior in new directions.
4. The allocation of authority and the arrangement of procedures which legitimize action as being authoritative. This is a structural function which allocates authority to persons and to ways in which the authoritative persons can legitimately act.
5. The net organization (or drive) of the group. This function consists of providing the broad constitutional goals of the group.

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<sup>7</sup>H. Richard Hartzler and Harry T. Allan, "Legal Theories of Roscoe Pound and Karl Llewellyn: Their Application to the Study of Behavior Within Business Organizations," American Business Law Journal, Vol. 5 #1 (1967), 10-11.

6. Juristic method. Llewellyn perceived this function as one of quest. That is, that all legal systems include a factor which may be described as an innate urge operating within the system and which pushes in the direction of perceived just result. He suggested that systems may be compared in terms of the degree in which they have developed juristic tools of decision.<sup>8</sup>

Finally, Llewellyn also discussed the three-fold conditions necessary for the presence of a legal system.<sup>9</sup> These are:

1. The existence of a group.
2. A divergency of urges within the group.
3. This divergency must give rise to a claim.

In addition, a four-fold combination of the elements of an authority system must exist to enable an act to fall within the boundaries of the authority or legal system.<sup>10</sup> These elements are:

1. The must element. Authority must be backed by enforceable imperatives.
2. The supremacy element. The element that prevails in the group when challenged.
3. The wholeness element. The authority must purport to act for the whole's benefit.

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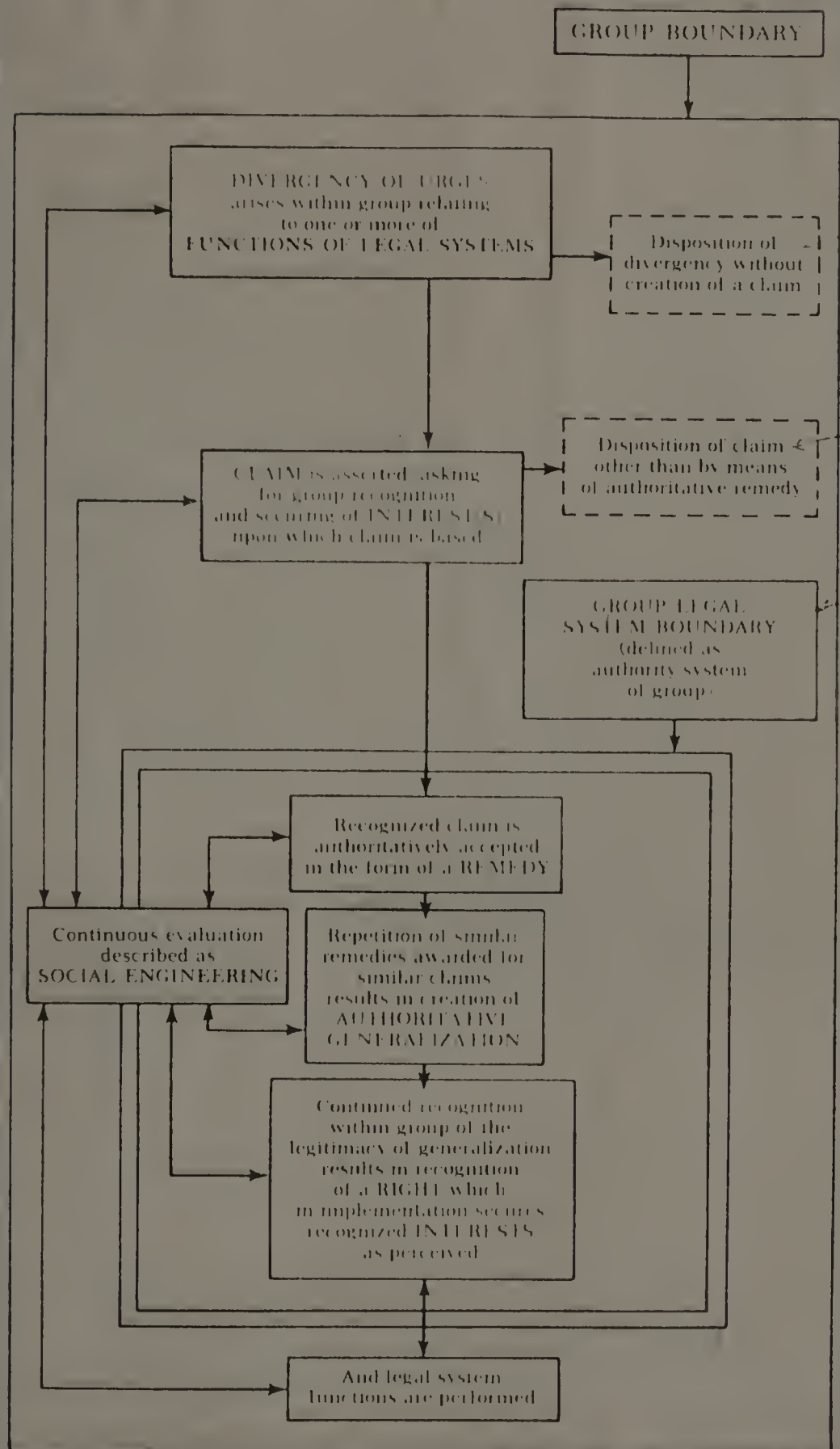
<sup>9</sup>Karl Llewellyn and E. Adamson Hoebel, The Cheyenne Way (Norman: Oklahoma University Press, 1941), Chapters 1-3.

<sup>10</sup>Llewellyn and Hoebel, The Cheyenne..., Chapters 10, 11.

4. The recognized officialdom element. The leaders of the group must be recognized as having the authority to carry out the act.



## MODEL OF A DYNAMIC LAW SYSTEM



Source: H. Richard Hartzler and Harry T. Allan, Introduction to Law (Glenview, Illinois: Scott-Foresman, 1969), p. 49.

## APPENDIX C

PLACEMENTS, NEW WORK APPLICATIONS, STANDARDIZED  
 PLACEMENTS, NON-AGRICULTURAL JOB OPENINGS  
 UNFILLED-COMMONWEALTH OF MASSACHUSETTS,  
 DIVISION OF EMPLOYMENT SECURITY,  
 1953-1968 (BY QUARTERS),  
 INCLUSIVE

Date	By (Quarters)	Placements <sup>a</sup>	New Work Applic. <sup>a</sup>	Standardized Placements <sup>b</sup>	Non-Agr- cultural job open- ings Un- filled <sup>c</sup>
1953	I Q	56545	51422	1.100	23300
	II Q	69507	52950	1.313	24916
	III Q	93859	47992	1.956	24602
	IV Q	57714	54152	1.066	18367
1954	I Q	49680	62451	.796	14514
	II Q	64202	57607	1.114	15375
	III Q	92175	51211	1.800	15978
	IV Q	64380	54281	1.186	16117
1955	I Q	65160	56617	1.151	15582
	II Q	75650	52352	1.445	19980
	III Q	106152	44327	2.395	22887
	IV Q	73335	46929	1.563	21510
1956	I Q	69937	53180	1.315	21943
	II Q	72201	54501	1.325	27932
	III Q	102009	45177	2.258	27700
	IV Q	72867	50788	1.435	26550
1957	I Q	57108	58525	.976	21386
	II Q	70506	57260	1.231	23184
	III Q	92128	53422	1.725	21264
	IV Q	58340	57231	1.019	16914
1958	I Q	49145	62276	.789	12659
	II Q	56821	72341	.785	15340
	III Q	88330	60897	1.450	16573
	IV Q	58173	58553	.994	16779

## APPENDIX C - Continued

Date	By (Quarters)	Placements <sup>a</sup>	New Work Applic. <sup>a</sup>	Standardized Placements <sup>b</sup>	Non-Agr- cultural job open- ings Un- filled <sup>c</sup>
1959	I Q	38836	60857	.638	16103
	II Q	54379	65933	.825	20951
	III Q	82389	49582	1.662	23429
	IV Q	52816	49924	1.058	21202
1960	I Q	39775	50500	.788	19680
	II Q	52688	58078	.907	24671
	III Q	76332	49688	1.536	22168
	IV Q	45773	57444	.797	20707
1961	I Q	37325	68438	.545	21349
	II Q	51500	71521	.720	21408
	III Q	72592	68964	1.053	23866
	IV Q	54420	75015	.725	30948
1962	I Q	41923	77552	.541	26997
	II Q	55994	87324	.641	32584
	III Q	77091	74282	1.038	27579
	IV Q	52719	80946	.651	26349
1963	I Q	38487	82855	.465	22125
	II Q	52917	87989	.601	22469
	III Q	75229	76090	.989	21192
	IV Q	49695	85134	.584	19044
1964	I Q	36924	85845	.430	19970
	II Q	46701	87662	.533	25129
	III Q	62017	70820	.876	23883
	IV Q	43638	82030	.532	24192
1965	I Q	33781	80283	.421	26762
	II Q	47607	93387	.510	33231
	III Q	63547	79488	.799	34281
	IV Q	46077	76307	.604	35873



## APPENDIX C - Continued

Date	By (Quarters)	Placements <sup>a</sup>	New Work Applic. <sup>a</sup>	Standardized Placements <sup>b</sup>	Non-Agr- cultural job open- ings Un- filled <sup>c</sup>
1966	I Q	34627	74915	.462	40426
	II Q	42782	87389	.490	52689
	III Q	58512	72469	.807	47667
	IV Q	42094	76905	.547	49024
1967	I Q	33311	84202	.396	46692
	II Q	39720	95405	.416	50396
	III Q	53690	78175	.687	43209
	IV Q	38974	71988	.541	48035
1968	I Q	31178	75452	.413	49042
	II Q	36317	84811	.428	58027
	III Q	53988	67194	.803	46825
	IV Q	33367	57225	.583	40929

<sup>a</sup>Source: Massachusetts State Employment Service, Quarterly Statistical Report (Boston, various years, 1953-1968).

<sup>b</sup>Calculated by dividing the placement value by the new work application for the same period.

<sup>c</sup>Source: personal correspondence with United States Department of Labor.

## APPENDIX D

THE COMBINED CLASSICAL NORMAL LINEAR REGRESSION MODEL  
 WITH THE SUPPLY OF NORMALIZED PLACEMENTS IN  
 MASSACHUSETTS (SUPY) AS THE DEPENDENT  
 VARIABLE AND THE MASSACHUSETTS NON-  
 AGRICULTURAL JOB OPENINGS UNFILLED  
 (DMND), A DUMMY SLOPE VARIABLE,  
 (DUMZ), AND A DUMMY INTERCEPT  
 VARIABLE AS THE INDEPENDENT  
 VARIABLES-BY THE MSES,  
 1953-1968 (QUARTERLY)

Variables in Regression and Lags

SUPY	0	DMND	0	DUMZ	0	DUMT	0
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The Constant and Regression Coefficients Are

0.2016	0.0000522	-0.0000570	0.5814
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The T Values for the Constant and Regression Coefficients  
 Are

40.2075	3.9379	-4.0627	1.8142
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The Standard Errors of the Constant and Regression  
 Coefficients Are

0.0050	0.0000133	0.0000140	0.3205
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R-SQ	R	F(3,60)	DWS	S.E. OF E.
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0.5991	0.7740	29.886	1.7767	0.3008
--------	--------	--------	--------	--------

SUPY	SUPY				
(ACTUAL)	(ESTIMATED)	RESIDUALS	DMND	DUMZ	DUMT

MEAN	0.9411	27225.8594	17065.5000	0.5000
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## APPENDIX E

THE CLASSICAL NORMAL LINEAR REGRESSION MODEL WITH THE  
 SUPPLY OF NORMALIZED PLACEMENTS IN MASSACHUSETTS  
 (SUPY) AS THE DEPENDENT VARIABLE AND THE  
 MASSACHUSETTS NON-AGRICULTURAL JOB  
 OPENINGS UNFILLED (DMND) AND A  
 DUMMY SLOPE VARIABLE (DUMZ)  
 OR A DUMMY INTERCEPT VARIABLE  
 (DUMT) AS THE INDEPENDENT  
 VARIABLES-BY THE MSES,  
 1953-1968  
 (BY QUARTERS)

Variables in Regression and Lags

SUPY 0 DMND 0 DUMZ 0

The Constant and Regression Coefficients Are

0.6284 0.0000320 -0.0000327

The T Values for the Constant and Regression Coefficients  
 Are

125.1171 4.3732 -7.6353

The Standard Errors of the Constant and Regression  
 Coefficients Are

0.0050 0.0000073 0.0000043

R-SQ R F(2,61) DWS S. E. OF E.

0.5771 0.7597 41.620 1.7971 0.3064

SUPY SUPY

(ACTUAL) (ESTIMATED) RESIDUALS DMND DUMZ

MEAN 0.9411 27225.8594 17065.5000

Variables in Regression and Labs

SUPY 0 DMND 0 DUMT 0

The Constant and Regression Coefficients Are

1.2359 0.0000013 -0.6607

The T Values for the Constant and Regression Coefficients  
 Are

223.8275 0.2686 -6.1395

The Standard Errors of the Constant and Regression  
 Coefficients Are

0.0055 0.0000049 0.1076

R-SQ R F( 2,61) DWS S.E. OF E.

0.4888 0.6991 29.163 1.6699 0.3368

SUPY SUPY

(ACTUAL) (ESTIMATED) RESIDUALS DMND DUMT

MEAN 0.9411 27225.8594 0.5000



## APPENDIX F

In an attempt to update the Weberian approach to organizational structure and bureaucracy, Peter Blau undertook a study of a federal government agency.<sup>1</sup> This work examined a local law enforcement agency whose headquarters were located in Washington, D.C. The function of the local agency was to enforce compliance with the federal law. In this connection, the agents were required to examine business records to determine if a violation of the law had occurred. Local agents determined their behavior on the basis of two sources. The primary one was a thousand-page manual of rules and a large number of volumes consisting of court opinions and administrative rulings, while the secondary source was to consult with the supervisor. This consulting was only instituted when the agent was unable to find a regulation or opinion which pertained to the particular case.

An examination of the above operation not only fits Weber's bureaucratic characteristics but also indicates where possible trouble would probably occur in attempts to limit an analysis to Weber's mechanistic concept.

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<sup>1</sup>Peter M. Blau, The Dynamics of Bureaucracy (Chicago Press, 1955), Part 2.

One of the most obvious problem areas would deal with the regulation requiring the agent to seek the supervisor's aid as the only secondary source of aid or information. This approach requires the subordinate to openly exhibit his ignorance or inability to perform the task to his immediate superior. Therefore, the costs to which the agent must expose himself, probably would outweigh the benefits from the aid.<sup>2</sup> To prevent this exposure to the individual responsible for evaluating the agent's performance, mutual consultation between agents took place rather than between the agent and his superior.

Another problem area arose in the review of the findings of the agent in each particular case. When the agent had completed his examination and after the supervisor's review, the findings were forwarded to a review section for further scrutiny. The function of this section was to review the results of the inside departments, located in the same building as the review group, and the outside departments which were located elsewhere in the state. The staffing of this review

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<sup>2</sup>Peter M. Blau, Exchange and Power in Social Life (New York: John Wiley and Sons, 1967), passim.

section was filled, on a rotating basis of six months, by field agents. The function of these agents on temporary assignment to the review section consisted of checking for errors in the agent's report. If any error is determined, the reviewer was to send the report back to the agent with a rejection slip. These rejection slips were also used by the field agent's supervisor to evaluate his performance in preparing the case. This system worked well in the area of review but it contained at least one major fault which was not pre-determined.

This problem of concern was with the relationship between the review agents and the field agents. Because rejection slips were used in the evaluation of field agents, the review agents tended to ask for informal changing of the reports of agents located in the same building while formally rejecting those incorrect reports from outside department agents. This informal group arrangement tended to by-pass the formal structural process of reward systems in an attempt to maintain cordial relationships with their peers.

Another study designed by Blau was an analysis of a state employment agency.<sup>3</sup> In this organization, the

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<sup>3</sup>Peter M. Blau, The Dynamics of Bureaucracy (Chicago: University of Chicago Press, 1955), Part 1.



major goal was applicant placement. While determining the interviewer's effectiveness, the superiors based their judgment upon the number of interviews conducted by each interviewer. This practice gave rise to a desire on the part of the interviewer to meet with as many job applicants as possible with little, if any, regard for actual job placement. To eliminate this practice, the department decided to evaluate the individuals based upon his record of job placements. "It seems, then, (on the basis of these two examples) that the manner in which the members of an organization budget their time is constrained by the operation of the reward system, sometimes to the detriment of the goals<sup>4</sup> which the organization is designed to accomplish."<sup>5</sup>

Approximately ten years after the Peter Blau work on a public employment agency, Harry Cohen<sup>6</sup> engaged in a similar study on a related employment agency. The approach used by Cohen consisted of being a participant-observer over a three-year period; 1956-1959. The method

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<sup>4</sup> Clarence Walton and Frederick W. Cleveland, Jr., Corporations on Trial: The Electric Cases (Belmont, California: Wadsworth Publishing, 1964), passim.

<sup>5</sup> Curt Tausky, Work Organizations: Major Theoretical Perspectives (Itasca, Illinois: F. E. Peacock, 1970), p. 36.

<sup>6</sup> Harry Cohen, The Demonics of Bureaucracy (Ames, Iowa: Iowa State University Press, 1965), passim.

of functional analysis was used. This focuses on the consequences of observed action and a determination of the functional or dysfunctional results based upon the effect on the adaption or adjustment of the system.<sup>7</sup>

In the study, the base line for the determination between functions and dysfunctions rested upon the major formal goals of the bureaucracy. These major goals were delineated as the desire to..."provide a certain set of services (placement service and operation within the unemployment insurance law of the state in which the agency is located)."<sup>8</sup> Anything which prevents this operation, or in any way inhibits it, is called dysfunctional. Therefore, the criteria delimiting functions from dysfunctions rests on official and formal goals.

In the study, Cohen found that many dysfunctional aspects occurred within the bureaucratic operation of the agency. First, the staff members manipulated the figures on reports to show better performance than had actually taken place. He also indicated that a spiraling effect occurred with dysfunctional adjustments giving rise to a chain-reaction basis.

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<sup>7</sup>Robert K. Merton Social Theory and Social Structure (rev. ed., Glencoe: Free Press, 1957), p. 51.

<sup>8</sup>Cohen, Demonics ..., p. 22.

Secondly, Cohen showed that the bureaucracy tended to insulate itself from the goals of the client-oriented organization and form informal groups designed to maintain stability for the group. This protection procedure extended even to internally conducted investigations on discrimination cases where the employee obviously discriminated against a client on a personal basis type of decision.

Given these problems, Cohen feels that bureaucracy gives rise only to dysfunctional dynamics. The rationale is that..."the changes made (by an employee build upon one another, are affected by changing local conditions and client demands, the desires and conceptions of work of operating-level bureaucrats, supervisory and other upper-level officials, in such a way as to lead to pathologies of various types. Bureaucracy is dynamic, but in a way that may best be called demonic, referring to change (dynamics), but in a dysfunctional direction."<sup>9</sup>

In an attempt to eliminate the demonic problem of bureaucracy, Cohen proposes a three-fold solution.

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<sup>9</sup>Cohen Demonics...., p. 22.



1. Encourage flexibility and dynamism, but focus this toward the major organizational goals.
2. Achieve loyalty to the goals of the organization, but also autonomy and altruism on the part of all participants in order to avoid strains for dysfunctional modifications, and as another side of the same coin, to focus dynamism toward organizational goals.
3. Maintain checks and balances of internal and external sources against misuse of bureaucratic power and deviation from goals.<sup>10</sup>

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<sup>10</sup>Cohen, Demonics...., pp. 237-238.

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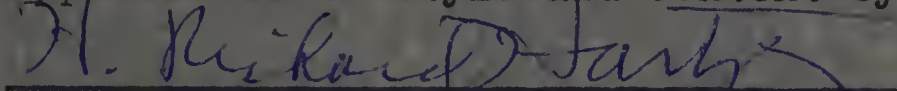
AN ENVIRONMENTAL EXAMINATION OF A GOVERNMENTAL  
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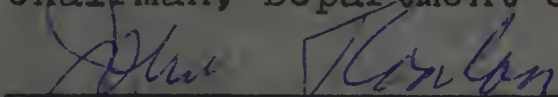
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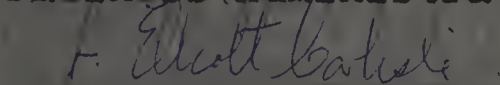
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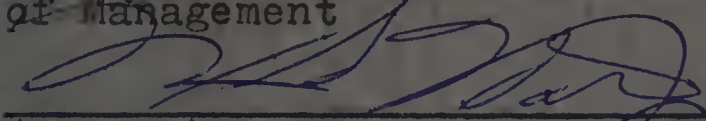
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